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linton Veto laps Down Republican **Sudget Bill**

resident Blames Foes r Congress for Crisis; hutdown Is Imminent

> By Brian Knowlton tional Herald Tribune

WASHINGTON - In a showdown on ending and debt, President Bill Clinton ald his ground Monday, vetoing a bill that epublicans said was necessary to avert e first government default in history. He blamed the crisis squarely on con-ressional Republicans, saying, "They've oted to put the United States on the path to

Treasury Secretary Robert E. Rubin crambled to avert a default on federal lebt, which could come as early as Wednesday, by drawing on government rust funds. That action calmed stock and ond markets. (Page 13.)

Mr. Clinton also renewed a pledge to veto a separate bill, expected to reach him later in the day, to provide funding to keep the government in operation after midnight Monday. House Republican leaders said there would be no attempt to override such government might remain closed.

Hundreds of thousands of federal employees nationwide — primarily those in positions deemed nonessential to health, safety and security — prepared to be sent home from work Tuesday.

Mr. Clinton's immediate objection to the spending bill is that it would lead to a monthly increase of about \$7 in payments by the elderly under Medicare, a politically sensitive health insurance program.

Senate Republican leaders sent to the White House a proposed compromise that would freeze the Medicare premium. But Bob Dole, the Senate majority leader, said later that a White House spokesman had said that "was not enough to satisfy the president.

"We face a choice that will be a test of our values, a test of our vision," he said in a speech to the Democratic Leadership Council. It was a choice, he said, between a 'winner-take-all society' and one in which "we all have a chance to win to-

Newt Gingrich, the speaker of the House, in turn accused the president of avoiding talks with the Republican leadership. The Georgian said it was "very unfortunate that he is hiding and refusing to discuss with us what would keep the government open."

The president's chief of staff, Leon E. Panetta, met with some congressional leaders Monday, but those talks were said to be

See BUDGET, Page 8



a veto, leaving it unclear how long the President Clinton says Republicans voted to put U.S. on the path to default.' calls to Agence France-Presse.

Terror Blast at Saudi Base

Attack Regarded as Big Challenge to Regime

By Youssef M. Ibrahim New York Times Service

PARIS — A bomb explosion at a building housing U.S. and Saudi Arabian military personnel rocked Riyadh on Monday, killing 6 people and wounding 60. Four of the dead were Americans.

The attack was the most daring challenge to the Saudi government since 1979, when Islamic fundamentalists held Mecca's holiest mosque for nearly three weeks before they were forced out, arrested and

Informed Saudis said in telephone in-terview that, while the attack Monday de-stroyed an American-Saudi military facility and anonymous callers warned Americans to leave the country, the real aim was to destabilize the Saudi government and raise serious concern among the smaller Arab states of the Gulf Cooperation Council that are satellites to the Saud-

President Bill Clinton immediately pledged that the United States would de-"enormous effort" to find out who was behind the attack

"We have already begun the process of determining what happened," Mr. Clinton said at the White House. "We will devote an enormous effort to that.

Responsibility for the bombing was claimed by a group demanding the de-parture of U.S. forces from Saudi Arabia. The attacks will continue until the departure of the last American soldier," an anonymous caller said in two telephone

Gulf, a previously unknown group. Officials said that even though the group took responsibility, it was unclear whether the bombing was the work of local Islamic fundamentalist factions or such external enemies of Saudi Arabia as Iran. Or it might have been a combination of the two. which a senior Saudi figure described as

'the most dangerous" possibility. The greatest concern appeared to be the likelihood that terror cells linked to fundamentalists inside Saudi Arabia have learned how to pack explosives in vehicles, possibly by linking up with Arab fundamentalist groups operating out of Afghanistan, Pakistan and Sudan.

Speaking in telephone interviews, Saudis, including ranking officials, said that the authorities in Riyadh had been warned about an imminent terrorist action for nearly a week and had placed security forces on low-level alert.

The Saudis emphasized that placing a car bomb in a parking lot near the Saudi National Guard's training facility was a relatively easy task, even though it is adjacent to a sensitive military installation where scores of U.S. military advisers work alongside Saudis.

The site, near the busy Al Talateen shopping street in the heart of Riyadh, is easily accessible in a city where nearly every family owns at least one car and everyone parks at will nearly anywhere.

The Saudis interviewed Monday were convinced that the attack takes a confronta-

He said he belonged to Tigers of the new level. "This is a clash that has been postponed for years," said a ranking Saudi who, like others interviewed, requested

> Saudi Arabia cannot be insulated from what is happening elsewhere in the re-gion," this person continued, "Muslim militants from Afghanistan and Sudan are present here, too, as they are in Egypt, Algeria, Jordan, Tunisia and Yemen." The Saudi ambassador to Britain, Ghazi

al-Ghossaibi, said, "This horrible incident reflects in no way on the stability of Saudi Arabia." He noted that terrorist acts are common around the world.

The comment reflects the one issue that is uppermost in Saudi minds: That what is probably going to be a continuing chal-lenge from within should not be seen as a sign of loss of control by the regime.

But what Mr. Ghossaibi did not say was that religious circles in Saudi Arabia are far greater in numbers and conservative in thinking than the religious establishment elsewhere in the Arab world, which have spawned over the years networks of militants shooting and bombing their way to what they hope will be a seizure of power.

"We have allowed these groups too much leeway in the past, 'a Saudi official said. 'If this incident does not lead to a crackdown on all sorts of illegal activities under the name of Islam, we are going to have a serious problem."

The official said past crackdowns fell

short of the highest levels of Islamic dissidents, including, he continued, businesstion between the Saudi ruling establishment and growing ranks of militants to a ments for years under the guise of charity.

Japan Aide Quits Over Korea Remarks Resignation Heads Off Heated Tokyo-Seoul Dispute

By Kevin Sullivan ineton Post Service

TOKYO — A Japanese cabinet minister who said Japan's brutal occupation of Korea earlier this century "did some good things" for Korea resigned on Monday, heading off a nasty diplomatic spat that had threatened to disrupt this week's economic summit meeting in Japan.

The dispute came at a particularly senother world leaders at the Asia-Pacific Economic Cooperation forum. Seoul had Mr. Eto's threatened to cancel a meeting between President Kim Young Sam and Prime Minister Tomiichi Murayama at the highlevel conference unless the minister was

and Coordination Agency, resigned over his remarks, which included an assertion that Korea benefited from Japan's 35year occupation because Japan built schools, railroads and ports.

During the 1910-1945 occupation, said at a news conference.

Japan forced Koreans to take Japanese surnames, learn the Japanese language and worship the emperor. Koreans were forced to work in Japanese factories pro-ducing goods that were mainly consumed in Japan. Dissent was met with torture.

Relations between the two govern-

ments have improved, but the gut-level animosity between Korean and Japanese Mr people still exists. Many Japanese still consider Koreans as inferiors, and dissitive time for Japan, which will play host crimination against Koreans — or even to President Bill Clinton and scores of Japanese of Korean heritage — is still

week in the Dong-A Ilbo, a major Seoul newspaper. The next day Mr. Eto re-tracted any of the remarks "that caused moved. tracted any of the remarks "that caused of the Management misunderstanding," but the government, and Coordination Agency, resigned over unsatisfied, continued to call for Mr. Murayama had expressed Eto's resignation.

"I can't cause further trouble to the cabinet and to the party," Mr. Eto, a member of the Liberal Democratic Party.

Before presenting his letter of resignation, Mr. Eto first notified the Liberal-Democratic party's president, Ryutaro Hashimoto. The party had strongly resisted calls for Mr. Eto's resignation, saying that his comments had been off the record and that he had publicly retracted

Mr. Eto's remarks follow comments by Mr. Murayama that many in Korea found deeply offensive. In October, Mr. Murayama had said that Japan's 1910 annexation of Korea was legally valid and in keeping with international law of the day, Mr. Eto's remarks were made in an the long-held position of the Japanese informal gathering of Japanese reporters government. Koreans argue that the an-on Oct. 11, but they were made public last nexation was forced upon them under threat of military action, and was therefore not legitimate.

regrets and apologies to Korea for Japan's colonial rule.

Chief Cabinet Minister Koken Nosaka said Mr. Eto decided to resign on his own without pressure from Mr. Murayama.

In Shift, EU 'Welcomes' **Demand on Currency**

Germans Seek Tougher Budget Rules

By Tom Buerkle

ioining a single European currency gained strong momentum Monday as the European Commission dropped its opposition to the idea.

The commission's president, Jacques Santer, and Yves-Thibault de Silguy, the commissioner for monetary affairs, said that they "welcomed with interest" a proposal for new budget rules put forward last week by Germany's finance minister, Theo

"The commission shares his anxiety about the need to maintain a strong and lasting convergence" around sound economic criteria among countries participating in a single currency, the two officials said in a statement. A spokesman for Mr. de Silguy said that the commission was "ready to discuss positively and openly the

ideas Mr. Waigel has put forward."

The statement was significant because the commission is the EU agency charged BRUSSELS — Germany's demand for with putting a single currency in place, and tighter budgetary restraint on countries until Monday officials had resisted any new budget commitments beyond the requirements laid out in the Maastricht Treaty on European Union.

Addressing the German Parliament last week, Mr. Waigel unveiled a proposal for a

France vows to reform its debt-ridden health-care system. Page 13.

so-called stability pact among countries joining a single currency, which EU leaders have pledged to produce in 1999. The pact proposed by Mr. Waigel would impose automatic financial penalties on

See UNION, Page 7

any government that permits its budget deficit to exceed 3 percent of gross do-

Angrily, Nigeria Hits Back, Withdrawing Key Envoys

ABUJA, Nigeria - Nigeria's military regime on Monday angrily rejected worldwide condemnation of its execution of nine human-rights activists, countering diplomatic isolation with a recall of its envoys

from key Western countries and South

As the European Union said it was considering a trade embargo against the West African state, which depends heavily on oil exports, national radio announced that Nigeria was withdrawing its ambassadors from the 15 EU states, as well as from Washington and Pretoria.

The ambassadors were to return "immediately" for consultations, the radio

Shell International, which has been put on the defensive by the executions, on Monday denied reports that it was delaying a £2.5 billion (\$4 billion) natural gas deal with Nigeria.

A statement released in London said the company had no plans to freeze or stop operations in Nigeria However, a Shell U.K. spokesman said that if the international community declared an embargo on Nigerian oil, "we will obey the law.

Shell, the largest oil producer in Nigeria, pumps 40 percent of its output. Oil provides litical reasons, and blamed government solmost of the military government's revenue. diers for the killings.

Newssta	
Cyprus	Malta

Prime Minister John Major, who cut off British military exports to Nigeria after the executions, said he wanted to discuss the gas deal with Shell officials.

The nine executed, including the writer Ken Saro-Wiwa, represented Nigeria's Ogoni ethnic minority, which claims that Shell's drilling operations have poisoned their Niger Delta homeland. Meanwhile, a legal adviser to the mil-

itary leader, General Sani Abacha, said that the convictions of the nine were "based on the verdict of a legally constituted court of 'Criminal conduct is not subject to in-

ternational standards," said the adviser, Hawalu Yadudu, but to the "domestic laws and procedure of the country concerned." The statement marked the first official confirmation of the executions.

Foreign Minister Tomi Ikimi, speaking from the Commonwealth summit meeting in Auckland, New Zealand, said that his country's suspension was unfair, unjustified and could "threaten the very existence of the Commonwealth.

The nine, who were hanged on Friday for the killings of four people in May last year, were all Ogonis. Mr. Saro-Wiwa and his codefendants said they were framed for po-

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The Dollar	Mon. close	previous close
DM	1.418	1.4175
Pound	1.553	1.566
Yen	101.90	100.90
FF	4.889	4.8835

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age 22.		Sports	Page 10.	Opinion	
Page 11.		International Classified			
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CAMPAIGNING UNDER GUARD — Mahfoud Nahnah, a moderate who is one of four candidates in Algeria's presidential election, campaigning in ASIA Blida as a policeman stood by. The elections will be held Thursday. Page 7. China Rejects Dalai Lama Choice

AGENDA Vichy Police Chief's Killer Sentenced

PARIS (Reuters) — A Paris court of slaying Mr. Bousquet in June 1993, a found a failed writer guilty Monday of crime of which he has previously boastkilling the former head of France's ed wartime Vichy police, which collaborated with the Nazis, and sentenced him to 10 years in prison.

Christian Didier, 51, had earlier pleaded in court for forgiveness from God, the father," Mr. Didier, who had a history of Jews and the family of his victim, René Bousquet "I am drained. The horror of the crime

has vaccinated me against any other crime," Mr. Didier told the court on the

final day of his weeklong trial on charges atively lenient 10- to 12-year jail term.

Neoconservative Challenge to Deng THE AMERICAS

Page 4.

A 'Huge Week' for Bob Dole

psychiatric disorders, told the court. He could have been sentenced to up to 30 years in prison. But the prosecutor, Christian Bilger, citing diminished psy-

"I ask for pardon first of all from God,

who said, 'Thou shalt not kill'; from the

Jews, for the trial which I blocked, and

from the Bousquet family, deprived of a

chological responsibility, requested a rel-

New Threats to European Security INTERNATIONAL 6 Charged With War Crimes

BUSINESS/FINANCE New Sega Games on Horizon

Increasingly, Only One Size Counts in U.S. Business

By Steven Pearlstein Washington Post Service

WASHINGTON - Along the congested ribbons of asphalt in a typical American suburb, there is a fearsome lineup of competitors that is transforming the retail

There's a Circuit City selling almost everything in the way of appliances and electronics; a Staples piled high with office supplies; a Bed, Bath and Beyond for sheets and bedding in every size and color, and a Petco the size of a warehouse. A three-story Borders boasts nearly any book in print, served up with Liszt and coffee latte. You trating market shares in the hands of one or two comwill find all manner of children's stuff at Toys 'R' Us, panies. educational stuff at Zany Brainy's and face stuff at the Cosmetics Center.

These retailers are among the corporate superstars of the new economy - competitors that dominate their ketball court or Steven Spielberg does in Hollywood. globe.

ters and forced a generation of small, local merchants out

They are known within the industry, with good reason, as the "category killers."

What is happening in America's ever-expanding suburbs is not unique to retailing. A similar winner-take-all dynamic is at work in nearly every industry, recasting the terms of competition, overturning traditional relationships between suppliers and customers and concen-

The common threads are specialization, which has transformed broad industries into collections of increasingly smaller niche markets, and rapid changes in technology, which have allowed the best performer in each markets no less than Michael Jordan does on the bas-niche to replicate its success around the nation and the

Offering a wide selection of goods at somewhat lower prices, these national specialty store chains have routed this was thought to be the classic example of an unregional department stores, challenged the big discoun- differentiated product sold by the archetype of small business, the corner deli and coffee shop.

But with technology and management know-how that allow a small staff in Seattle to supervise hundreds of outlets, Starbucks Corp. is replicating its successful formula for selling coffee to upscale consumers on urban street corners, shopping malls and airport terminals throughout the nation. By the end of the year this Coffee Shop of America will have rung up more than \$400 million in sales.

Airlines, railroads, banking, entertainment, defense, utilities, health care, hotels, restaurants and telecommunications - wherever you turn these days this same process of specialization, nationalization and rapid consolidation is in full swing. Small businesses continue to find a place in the economy, serving specialized niches or

See WINNERS, Page 8

Challenges to Deng Flow Into the Mainstream

By Steven Mufson Washineton Post Service

EIJING — Hu Angang looks at the miracle of Chinese reform under Deng Xiaoping and he does not like what he sees.

'Emancipation of the mind does not mean indulgence in wild thinking," he wrote in a book on the economy that was published last year. The Chinese 'have acted blindly, onesidedly and subjectively rather than con-sciously, even-handedly and objectively."

Yet Mr. Hu is no dissident, and his views are not treated as heresies. Instead, they are becoming mainstream.

Mr. Hu is just one of the critics of the Deng

era who are known loosely as "neo-author-itarians" or "neoconservatives" and who belong neither to the old hard-line Communist camp nor to the democratic opposition. Although they do not form a cohesive or organized group, they are staking out new ter-ritory, gaining influence with Chinese leaders and changing the political landscape.

They see chaos and danger amid the economic achievements that brought 10 percent annual growth and improved the living standards for the vast majority of Chinese since Mr. Deng took power in 1978. In their eyes, the drawbacks that come with economic ex-pansion — the army of migrant laborers. discontent among urban workers, vast regional inequalities, rising crime rates, widening corruption and the decline of Marxist ideology - all cry out for the creation of a new, unifying system and program for Communist

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"Before, it used to be that Marxism-Leninism secured national interests," said Yang Ping, editor of a magazine called Strategy & Management, which has military backing. 'Not any more. Now there must be something to keep people inspired."

These critics believe a new basis for Communist rule must include a more powerful and interventionist central government, a new nationalism, a strong military, reinvigorated state-owned enterprises, limits on migrant labor and a plan to help poor inland areas and rural areas right regional inequalities.

heir views have influenced recent government policies, ranging from foreign policy to the new five-year plan for the economy. Democracy is not a priority for this group of

'What this country needs is an enlightened Mao," said the Chinese representative of an American investment bank. He argued that China, like a corporation, needs a strong chief

"If you ask me as a person, I would say I would like democracy," said Mr. Yang, the editor. "But if you go to the Chinese countryside and have a look and see the poverty of how people live, then you see that democracy wouldn't be appropriate or in the national

The people there, he said, are not capable of exercising democracy. And two-thirds of China's 1.2 billion people live in the country-

One of the most vivid presentations of the neo-authoritarian line is "The Accused," one of this year's major Chinese movies. It portrays a village chief, Uncle Gang, who has little regard for the niceties of the rule of law.



Chinese workers harvesting crops before a giant poster of Deng Xiapoing.

although establishing a rule of law is one of the government's current campaigns. Uncle Gang opens people's mail, ties up and jails people and imposes his iron will.

Yet he does it all for the common good. He's a man of virtue. He turns down a 1,000 yuan (\$120) cash gift. He cuts down his own trees to help build the village school. He works all night in the fields because so many villagers have gone off to cities to earn cash.

Uncle Gang runs into trouble when he punishes a young woman for beating her mother-in-law. She hangs herself, and party higherups investigate. They discover that Uncle Gang has repeatedly violated the law, but the village chief tells them that he has done everything for the good of the village, which has been a national development model. His wall is covered with plaques and awards.

The rule of law-may be fine for the cities, Uncle Gang says, but the countryside is different. People, like himself, cannot read. If mule. The movie ends with party officials removing him as village head - but they are in tears, because he won them over.

Neoconservatives emerged after the crushing of the democracy movement in 1989 and Mr. Deng's triumph in 1992 over economic conservatives. With that, said Joseph Fewsmith, a professor of Chinese studies at Boston University, the central struggle of the Deng era between "reformers" and "conservatives" ended and was replaced by tensions over how best to manage Mr. Deng's changes and some of their uglier consequences.

The neoconservatives see national pride and traditional, even Confucian, values as a way of unifying the Chinese people. "The most major problem facing China's modernization today is the question of how to seek and find a new source for the legitimacy of authority," wrote Xiao Gongqin of the Shanghai Teachers' University. The answer founded on mainstream Confucian culture.

This emphasis on national pride has made such issues as Taiwan particularly sensitive and colored the Chinese view of American

"I have never believed that the United human rights of the Chinese people," wrote one of Strategy & Management's editors. Wang Xiaodong, under his pen name Shi 'The reason the United States does not like us is because we are strong. We have the possibility of developing and then could be an obstacle to America's special place in the world."

Another key issue for neoconservatives is the nation's vast rural population, including about 100 million underemployed people who could flock to the big cities. In a book pubished last year titled "Seeing China Through the Third Eye." Wang Shan called this floating population a "powder keg" and said that
"anyone who flips through Chinese history
will discover that all of China's dynasties have, without exception, been destroyed by peasants who have left the land."

Because of that anxiety, most neoconservatives want to control migrant labor, channel investment into rural areas, boost agricultural production and protect arable land from the encroachment of rapidly growing industries.

'If agriculture collapses, then China collapses," said Mr. Hu, who works in a think tank near Qinghua University. "No matter who the future leaders are, they will have to make the grain problem the top priority."

nequality also worries critics. Mr. Hu has called for the government to end tax and investment preferences for the "special economic zones" that have been the showcases of economic development during the Deng era. Neoconservatives have also been outspoken about the need for a strong central bank, reinvigorated state-owned enterprises and a more effective central taxation

A leader of this movement has been Chen Yuan, vice governor of the People's Bank of China and son of a former conservative party leader. Chen Yun. The younger Chen has called for "a new centralization" to prevent a loss of control that would "cause us to go from economic disintegration to social and political disintegration" and create an image of "weak central government and countless feudal lords" out for themselves.

Although many Western economists also believe China needs stronger central financial institutions, the neoconservatives start from a fear that China is careening out of control. The new wave of growth, wrote Yang Fan, "takes the combination of money and power as its special characteristic, corruption as its lubricant, speculation as its motive force, and 'socialist primitive accumulation' as its slo-

gan."
Not everyone shares the neoconservative point of view.

"I believe that there are two contrasting visions about how China should be governed in the future," said Professor Huang Yasheng of the University of Michigan who added that he believes China's central government was strong enough already. "The more liberal vision argues that order should not be imposed administratively but it should be a result of people's self-interests and rationality. The neoconservatives believe that China is on the verge of chaos and there is a need to rein in these unorganized forces.

COMING UP

Old and young, rich and poor, they're almost all separatists up along Quebec's Saguenay River. The strength of their opinions shows that Canada is a long, long way from resolving its Quebec

Nigerian Plane

Crashes, Killing

The Associated Press

LAGOS -- A Nigeria Airways plane with 130 people aboard crashed on landing in

northern Nigeria on Monday

morning, and at least 50 people

were feared dead, the govern-

Emergency medical vehi-

Boeing 737 crashed at Kaduna

airport at about 7 A.M.
"We have reports of injuries, but are still waiting for details,"

Initial reports said 150 peo-

ple were aboard the plane; there

was no immediate explanation

for the discrepancy.

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ment news agency reported.

50 of 130 on It

Head-On Collision On Weapons Pact

Helms Proves Roadblock

By Thomas W. Lippman Washington Post Service

WASHINGTON -- The chairman of the Senate Foreign Relations Committee, Jesse Helms, says he believes that an ambitious international treaty banning chemical weapons is riddled with flaws, and he is prepared to block its ratification indefinitely, according to congressional staff aides and other

Because the Armed Services Committee headed by Senator Strom Thurmond, Republican of South Carolina, also has withheld approval and the ma-jority leader, Bob Dole, Republican of Kansas, has no plans to circumvent the two chairmen and force a vote, there is no prospect of ratification of the treaty in the foreseeable future. congressional sources said.

The Chemical Weapons Convention is not yet formally dead, but enthusiasm for it in other countries is waning as the United States continues to delay, supporters of the agreement said.

If the treaty falls by the wayside, that outcome would represent the triumph of one determined legislator over a in support of the treaty that lasted nearly 10 years.

The U.S. commitment to the ocal since 1984, when George Bush, then vice president, broke an impasse by offering to subject U.S. chemical manufacturers to mandatory inspections.

The treaty, which was declared open for signature in Jan-uary 1993, would ban the production, sale and use of "nerve and other chemical weapons and create an international organization with the power to conduct mandatory inspections of chemical manufacturing facilities. As of October, the agreement

had been signed by 159 counand Russia, but ratified by only gress.

40, far short of the 65 required to put its provisions into effect.

Events like the poison gas attack on the Tokyo subway have heightened the sense of urgency for ratification among supporters of the treaty, who see it as an essential tool for limiting the threat of chemical warfare proliferation.

But the same events have deepened Mr. Helms's skepticism about the value of the treaty, congressional aides said. He, a Republican of North Carolina, and some other Repub-lican senators have deep doubts about whether a treaty is capable of preventing use of chemical weapons by terrorists when amateurs such as the Japanese sect in the fatal Tokyo attack can deliver poison gas from a simple container.

For the moment, action on the chemical weapons treaty is being blocked by Mr. Helms's decision to suspend all Foreign Re-lations Committee business because of his feud with the Clinton administration over reorganization of the nation's for-

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But even if that dispute were resolved quickly, Mr. Heims would not be prepared to move ahead on the chemical treaty, bipartisan American consensus aides said, adding that the senator's objection to the treaty is more than a negotiating ploy.

The administration knows convention has been unequiv- that Senator Helms and many other senators are opposed to the Chemical Weapons Convention because of serious concerns about verification, Russian compliance and, most recently, new revelations about Russia's chief negotiator to the treaty," a statement issued by Mr. Helms's office said.

President Bill Clinton and senior aides have appealed for ratification and criticized Mr. Helms for delaying it. But their assertions of urgency are undermined by the fact that they let the treaty languish unratified for almost two years while the tries, including the United States Democrats still controlled Con-

TRAVEL UPDATE

Strikes to Affect Paris Train Service

PARIS - Paris Métro and suburban trains faced mild diswelfare reforms, officials said Monday.

The RATP transport authority said that during the evening strike action, half of Métro services would be cut, while on average two-thirds of services on the suburban RER network would run as planned.

Unions have called for action between 4 P.M. and 9 P.M. to coincide with a demonstration at the Gare Montparnasse, and during the last two hours of service, beginning at 11 P.M. Tuesday. The strike was also due to affect trains in northern France from Monday evening through to Wednesday morning, with a third of intercity trains in the region expected to be cut, according to the SNCF, the national rail authority. Eurostar trains through the Channel tunnel will not be affected.

Diphtheria Rising Sharply in Asia

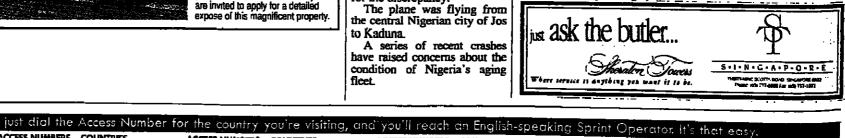
ALMA-ATA, Kazakhstan — The number of diphtheria cases in the Central Asian republics of the former Soviet Union and Kazakhstan has increased 50 times in just two years, a World Health Organization official said Monday.

Sergei Deshevoi, the WHO's representative in the region, told a scientific conference here that the region's public health services were unable to cope with the epidemic.

Diphtheria was all but wiped out in the Soviet era, but has made a big comeback. Most cases of the disease worldwide are now reported in the former Soviet Union. The worst hit is Tajikistan, where the number of cases recorded this year grew to 2,705 from just 14 in 1993, Mr. Deshevoi said. This year, 866 cases have been recorded in Kazakhstan, 500 in Kyrgyzstan, 335 in Uzbekistan and 50 in Turkmenistan.

Vietnam has selected five foreign companies to supervise work to rebuild and widen one of the most dilapidated sections of its main north-south highway, the notorious "Street Without Joy" of the Vietnam War, a Transport Ministry official said. (AP)

Thailand moved toward setting up a second international airline as the Council of Economic Ministers approved the



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AUSTRIA, VIENNA CITY: **IMMACULATELY RENOVATED ART NOUVEAU HOUSE**



This beautiful downtown Vienna house in Austrian art nouveau style was planned in 1913 by the wellknown viennese architects Josef Hoffmann and Arthur Baron. The whole property has been renovated at considerable expense over the

three upper storeys have been adapted as penthouse apartments for highest quality of lile.

The total utilisable floor area

parking area. The purchase price amounts to (US) \$ 9,400,000. Potential buyers

cles were transferring corpses and injured passengers to hospitals, the Nigerian News Agency said. The police cordoned off the airport. last years. The both lower storeys had been No further details were immediately available. used for commercial purposes. The Tina Abia, a spokeswoman for Nigeria Airways, said the

amounts to 5488 m. A floor-area of 3538 m² is immediately available. The basement has been littled out in the most modern manner and offers sufficient room for store or

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What's a Powell Backer to Do?

WASHINGTON - Charles J. Kelly Jr., managing director of Citizens for Colin Powell and a veteran of the draft-Eisenhower campaign, has not quite figured out what to do with all the volunteers who enlisted in the Powell-for-pres-

"We'll have to think about how not to lose the positive energy he brought into people's lives," he said.

Mr. Kelly's quandary underscores the dilemma for Re-publican voters who call themselves moderates and for voters of various political beliefs who say they are most comfortable in the centrist camp. Now that Mr. Powell has decided not to run

in 1996, what's a die-hard Powell moderate supposed to do? For the moment, the choices are familiar. Democrats as well as Republicans will try to capture the centrist energy generated by the possibility of Mr. Powell's candidacy. But analysts across the political spectrum feel that neither party and no candidate is offering a true centrist program.

As quiet as they keep it, most Americans wear the moderate label. In a New York Times/CBS News Poll last month. 44 percent of Americans called themselves moderates compared with 16 percent who picked the liberal label and 34 percent who described themselves as conservative. In the same poll, Mr. Powell, a retired general and former chairman of the Joint Chiefs of Staff, was rated favorably by 43 percent

of the public.
In the long term, some Republican politicians expect their front-runner. Senator Bob Dole of Kansas, to win over moderates who were attracted to a Powell candidacy. But other politicians and observers believe that Republican moderates and centrists in general will be shopping for a candidate who subscribes to the middle-of-the-road views Mr. Powell sketched out on his book tour this fall

Showdown on Specters' Stockade

WASHINGTON — Being a U.S. senator is not, apparently, a day at the beach. So after Arlen and Joan Specter bought a \$372,000 vacation home on the New Jersey shore last year, they built a six-foot stockade fence, which obliterated their neighbors' view of sea, sand and trees.

'It's like looking at Fort Apache," said Sylvia Shaffer, who lives next door.

The Specters were cited and hauled before the zoning adjustment board in Harvey Cedars, where Joan Specter testified that her husband, a Republican of Pennsylvania and candidate for his party's presidential nomination, needed quick and private access to their two-story duplex. She told neighbors that he also required "protection from high-pow-ered assault weapons," said Ms. Shaffer.

Joan Specter, a four-term Philadelphia City Council member who lost her seat last week to the son of former Mayor Frank Rizzo, testified that she was shocked to learn that she was supposed to have a permit and that there was a local fence-height limit of four feet.

Officials were unmoved and offended. "Here's a major politician who doesn't even look into the local ordinances?' said one. "This is not the sticks," huffed another.

The senator had initially said that he and his wife had erected the fence because "we wanted it for our garden." The fence flap was resolved with a variance and a compromise: The Specters have until April 15 to back two feet off the section of fence nearest the Shaffer home and plant some trees. "They're making every effort to mend the fence," said the senator's press secretary, Margaret Camp.

Quote / Unquote

The comedienne Brett Butler, at the annual Ford's Theater presidential gala in Washington, honoring the spirit of Abraham Lincoln: "Mr. Lincoln once walked a mile in the snow to return a book. Newt Gingrich walked a mile in the snow to cut funding for the small-town public library."

Away From Politics

- The space shuttle Atlantis is traveling smoothly around Earth, drawing closer to the Russian space station Mir with each orbit, the National Aeronautics and Space Administration said. Atlantis is scheduled to dock with Mir at 0627 GMT on Wednesday. The hatch between the two craft will be opened about two hours later. The crew of Atlantis will spend several days with the two Russian cosmonauts and the German crew member aboard Mir. (Reuters)
- A man who allegedly saw himself as a prophet and sent warning leners to President Bill Clinton and Governor George W. Bush of Texas was one of three people arrested on charges of plotting to build a fertilizer bomb. The man, Ray Willie Lampley, 65, his wife, Cecilia Lampley, 47, and John Dare Baird, 53, are charged with conspiracy to manufacture and possess a destructive device. They were being held without bond and were to appear in federal court. (AP)
- An 18-year-old man accidentally shot himself in the genitals when he tried to show his girlfriend a sawed-off shotgun in his pants, the police in Bridgeport, Connecticut, said. Kevin Hall was treated for a cut to his penis and powder burns on his thigh. The police then arrested him on several charges, including possession of a sawed-off shotgun. (AP)
- An American Airlines jetliner that made an emergency landing Sunday near Hartford, Connecticut, had encountered dangerous winds and engine problems, and it clipped a row of trees and an airport antenna during the landing at the airport in Windsor Locks, Connecticut, Some of the 72 passengers on the MD-80 jet coming from Chicago said that they had heard an explosion just before landing and that the online had been an explosion just before landing and that the cabin had started to fill with smoke. They slid down chutes to evacuate the plane. One of the passengers suffered a minor injury. (AP)

Linking Far-Right U.S. Jews and Israeli Extremists

By Joe Sexton New York Times Service

NEW YORK - On Jan. 5, 1994, a bomb was found outside the New York office of a Jewish group supportive of the Israeli-Palestinian peace accord. A note was left warning of a civil war in

A few months later, law enforcement officials said, 13-year-old boys were studying the Bible and firing automatic weapons at a training camp in the Catskills run by a right-wing Jewish

organization known as Kahane Chai. Last month, Amram Mitzna, a retired Israeli general who is the mayor of Haifa, was routed from a Brooklyn auditorium by hecklers denouncing Israeli government officials as traitors. And last week, on a cable television

Kahane and applauded Yigal Amir, the man who has confessed to assassinating Prime Minister Yitzhak Rabin of Israel.

Having transplanted their mix of religion and violence to Israel more than wo decades ago, the followers of Rabbi Kahane, the Brooklyn-born militant who was shot down in 1990, remain a visible, dangerous presence in the United States, law enforcement officials

Officials with Kahane Chai, which threat," Mr. Rubin said. means Kahane Lives, say they have chapters in Miami, Los Angeles, Chicago, Baltimore and Philadelphia. Mr. Rabin was a result of a conspiracy

station in Manhattan, two people sat in ability of Kahane Chai and other sim-whether any of those arrested in Israel ism, said of money-raising efforts on front of a photograph of Rabbi Meir ilar groups to inflame emotions and to were linked to people or groups in the behalf of schools and hospitals in Isintimidate or injure others.

'The size of their numbers isn't relevant," said Gary Rubin, the executive director of Americans for Peace Now, the organization at whose doorstep the bomb was found in 1994. (Kahane Chai members denied recondemn the episode, and law en-Kahane supporters were responsible.) These people exist and they are a

As authorities in Israel developed evidence last week that the killing of

were linked to people or groups in the behalf of schools and hospitals in Is-United States. To date, no evidence of raeli settlements. any connection has surfaced.

nature and extent of American Jewish that happens to be in a place that is in a support for far-right organizations in settlement." Israel. They say it is central to the sponsibility for the bomb but did not examination to determine whether some of the money raised in the United forcement officials say they believe States for a range of political and charnancing the kind of militancy that raised through false pretenses." many feel threatens the move toward peace in the Middle East and that is els in the West Bank and the Israeli

tearing at Israel itself. "Some of these fund-raising things tlements curtailed, there is unease may sound benevolent," Michael about how much of the money going Although officials say they believe the number of actual members is extremental attorney general, Janet Reno, offered to Kraft, an official with the State Deform the United States to Israel ully modest, they do not discount the have the Justice Department look into partment's Office of Counterterror- timately backs radical elements.

'Somebody doesn't write a check But U.S. officials say there could be to go to Kahane Chai. It will go to much to look at in any inquiry into the some charitable organization or school

> The donation, Mr. Kraft said, could be hard to track and might wind up funneled" elsewhere.

It was clear, Mr. Kraft said, that in itable purposes could in fact be fi- some instances "money is being

government's commitment to the set-



SMOKY PROTEST IN HAITI — A demonstrator rolling a tire to add to a fire in Port-au-Prince, the Haitian capital, to protest the assassination of a member of Parliament, Jean-Hubert Feuille, a cousin of President Jean-Bertrand Aristide.

A 'Huge Week' for Bob Dole But Potential Weaknesses Show Up, Too

By Dan Balz Washington Post Service

WASHINGTON -- Colin L. Powell's decision not to seek the presidency in 1996 provided Bob Dole, the Senate ma-jority leader, with a straighter path to the Republican nom-ination. but Mr. Powell's prospective candidacy also revealed the Kansas Republican's potential weaknesses as a challenger to President Bill

Clinton in the general election. With Mr. Powell out, Mr. Dole enjoys a lead of better than 4-to-1 over his Republican rivals in national polls, but over the last six months his image with the American people has steadily worsened, and his strength as a challenger to Mr. Clinton has similarly eroded.

Mr. Dole's problems appear directly related to negative reaction to the Republican congressional agenda, and to an improved political perfor-mance by Mr. Clinton.

"The president is doing better, so it means those who op-pose him are not going to be viewed quite as well," said Bill Lacy, Mr. Dole's deputy cam-

opponents say the problem is for it than they do Mr. Dole. deeper than that. "He still Mr. Gingrich said Sunday on doesn't have a clear message NBC's "Meet the Press" that publican Party, he's welldon't know where he stands on issues. He's not associated with an agenda.

Democrats took an even being caught in the past," said Peter Hart, a Democratic pollster. "When he starts out talkpeople who voted against Medicare, he comes out being both meaner and more in the

past than he wants to be. Mr. Black also said Mr. Dole might be suffering in two ways from the reactions to the Republican legislative agenda. Opponents of the agenda hold it who support it give Newt Gingrich, Republican of Georgia,

But Mr. Dole's Republican the House speaker, more credit

that people know where he he would make a final decision wants to take the country." said about running for president Charlie Black, a top adviser to around Thanksgiving, but said Mr. Dole's rival, Senator Phil it was "very, very, very un-Gramm of Texas. "In the Re-likely" that he would become a candidate. He described Mr. known and popular, but they Dole as "overwhelmingly now the front-runner for the nom-

By almost any measure, Mr. Dole has just concluded one of harsher view. "When you're 70 the most successful weeks of years old, if you don't have his presidential campaign. He something that says, 'Here is dispatched Mr. Powell, his what I bring and where I want to strongest probable challenger take the nation, you end up to the nomination, and picked up two crucial endorsements: Governors Steve Merrill of New Hampshire and Tom ing about being one of the 12 Ridge of Pennsylvania. "I people who voted against think it was a huge week," Mr. Lacy said.

But last week ended with disappointing poll news for Mr. Dole. A Gallup Poll for USA Today and CNN showed Mr. Dole losing to Mr. Clinton by 53 percent to 43 percent. In August, that same poll showed against Mr. Dole, while those the two in a statistical dead heat, with Mr. Dole at 47 percent and Mr. Clinton at 46 percent.

Court to Hear Free-Speech Case **On Indecent Cable TV Shows**

The Associated Press WASHINGTON

Supreme Court agreed Monday to hear a free-speech challenge to a federal law aimed at restricting indecent programs on cable television channels.

The court said it would consider arguments that the law from it will lead to censorship in violation of the Constitution's First Amendment.

The provisions have not taken effect during the legal chal-

Scribner 3d said.

lenge by local program producers and viewers. The case involves channels

that cable companies are required to lease to local groups, as well as those set aside for public access. The government says inde-

cent programs depict or deand federal rules stemming scribe "sexual or excretory activities or organs in a patently offensive manner." The material does not have to meet the legal definition of obscene.

Following criticism of cer-

Charles Scribner Jr. Dies

decade from a degenerative neurological disorder, his son Charles

He was also Ernest Hemingway's personal editor and publisher

ways do sober what you said you'd do when you were drunk. That will teach you to keep your mouth shut!"

1984, when it was acquired by Macmillan.

tain programs on some leasedaccess channels, Congress voted in 1992 to let cable companies bar indecent material from such channels.

If a cable company does not want to bar such material, any indecent programs shown must be segregated on blocked channels that can be unblocked only on a subscriber's request.

The law also makes cable companies liable for any programs that violate obscenity

In other actions, the court made the following decisions: It agreed to study the case of a North Carolina man dismissed after his supervisor said he had become too old "for this kind of work.

NEW YORK — Charles Scribner Jr., 74, the longtime head of Charles Scribner's Sons book publishing company, died of pneumonia Saturday at a nursing home. He also had suffered for a It rejected the appeal of a lesbian mother seeking to prevent her former lover from having any place in her 6-year-old son's life. The action allows the Charles Scribner Jr. succeeded his father in 1952 as chief of the family publishing house, which was founded by his great-grand-father in 1846. Charles Scribner Jr. oversaw its operations until former lover to prove she is entitled to visitation rights.

It threw out an appeal by a San Francisco man convicted in the last part of Hemingway's career. "He once gave me some and sentenced to death for sevrules of life," Mr. Scribner once recalled. "Among them: 'Al- en "trailside slayings" northern California parks in 1980 and 1981.

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Canadians Investigate **Alleged Airbus Bribes** The Associated Press

OTTAWA — Canada and Switzerland are investigating allegations that Canadian politicians received bribes linked to the sale of 34 Airbus aircraft to Air Canada.

Canadian police confirmed Monday the investigation of allegations concerning a 1988 deal with Airbus. News reports have suggested that some funds were sent to Swiss bank accounts.

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Southeast Asian Countries Divided on Trade Liberalization Before Summit

By Michael Richardson International Herald Tribune

OSAKA, Japan — Sharp divi-sions are showing through the imsented by ASEAN as the group's on Sunday. officials and other members of a ASEAN for their annual meeting on Sun-

disagreements concern whether countries of the Association ularly rice. of South East Asian Nations should have the right to exclude politically sensitive sectors of their economies from a regional free trade arrangement being negotiated by the Asia
sensitive sectors of their economies like the United States, Australia and free trade arrangement being negotiated by the Asia
in APEC over exempting sectors ("We cannot be held down for such as agriculture from the regional and particular date," Mr. Mahathir emerged as one of the world's most empt certain sectors from the agentical and that are leading the fight to ensure that all sectors are included in free trade plan could be traced to the ensure that all sectors are included in free trade plan could be traced to the same,"

Pacific trade and economic coopterial meeting in Osaka on Thursday

demands by Japan, China, South Korea and Taiwan for special treatment for their agriculture, partic-

region by no later than 2020.

Senior APEC officials on Monday agreed to leave four difficult pressive common front usually pre- and Friday and the leaders' summit issues, including agriculture, to be resolved at the meeting of the officials and other members of a ASEAN's divisions mirror the group's foreign and trade ministers the Indonesian summit was prepared Pacific Rim trade group prepare here sharp divide in APEC itself over on Thursday and Friday, Japanese and run. government officials said.

> ASEAN's position on this issue is Malaysia's minister for international being closely watched by countries trade and industry, said that the split Reuters reported from Auckland.

rumbling of dissent" among mem-

Malaysia's prime minister, Ma-hathir bin Mohamad, made a similarly pointed criticism of the way

[Mr. Mahathir said Monday that In recent comments that are cer-tain to cause offense to President APEC deadlines for opening its mar-Suharto of Indonesia, Rafidah Aziz, kets, but he expected progress on a farm trade dispute at the summit,

consider whether we are ready or not nounced recently that he would go to APEC. ready to open up our markets."]
ASEAN unity in its approach to

APEC was openly shattered in 1993

When Mr. Mahathir boycotted the and Brunei have joined Australia. Seattle summit hosted by President Malaysia had not been adequately consulted in advance.

Malaysia also said it was concerned that APEC was being dominated by its more powerful devel- could unravel the liberalization prooped members, overshadowing and cess.

Osaka, the divisions in ASEAN over APEC appear deeper than ever.

Indonesia, Singapore, Thailand the United States and a majority of Bill Clinton on the grounds that APEC members in supporting comprehensive coverage for free trade.

They argue that different treatment for sensitive sectors would undermine APEC's credibility and

Pacific Economic Cooperation forum. APEC, an 18-member transopen trade and investment in the

"which did not take into account the allowed to year, although Mr. Mahathir and year, although Mr.

"In the end, all we will have is any

empty basket. in a recent interview. Goh Chok Tong, Singapore's prime minister, said that liberalizing trade was a painful process and had a political

"However, over the long run, the reduction of tariffs and other barriers to trade will benefit our respective economies," he said.

Sensitive sectors can be liberalized at a slow pace," he added. "The Bogor declaration allows for

Sri Lanka Says Assault Killed Tamil Sought in Gandhi Murder

COLOMBO — Sri Lankan troops closing in on the Tamil Tiger rebel bastion of Jaffna have killed a woman guerrilla wanted for involvement in the assassination of Rajiv Gandhi, India's former prime minister, the military said Monday.

But the troops, numbering thousands, faced fierce resistance by the Liberation Tigers of Tamil Eelam in the northern peninsula of Jaffna, Tamil sources and military officials said.

The chief army spokesman, Sarath Munasinghe, said the army, backed by the air force and heavy artillery, was poised to storm the Jaffna town citadel, almost a month after launching the biggest military offensive since 1987.

"We are very close to the Jaffna university," he said. "We can go into Jaffna

At least 319 soldiers and 1,459 guerrillas have been killed since the offensive began on Oct. 17. It was halted after two weeks but resumed again Friday.

The rebels, who have withdrawn from several areas in Jaffna in the face of the army onslaught, announced the death of the leader of their women's guerrilla wing known by her nom de guerre, Akila.

"Lieutenant Colonel Akila attained mar-

tyrdom" in the defense of Jaffna, said a statement faxed from the rebels' London office. It said she died about two weeks

Akila was wanted by New Delhi along with the rebel leader, Velupillai Prab-hakaran, and intelligence chief, Pottu Amman, in 1991 assassination of Mr. Gandhi.



Nuclear protesters marching at the French Embassy in Kuala Lumpur.

China Blocks Selection by Dalai Lama

By Patrick E. Tyler New York Times Service

BELIING - In a step that sets up one of the most serious religious confrontations in Tibet in recent times, China's Communist Party leadership has said it will not recognize the 6-year-old son of a herder as the reincarnation of Tibet's second most holy religious figure, the Panchen Lama. The boy was selected by Tibet's exiled leader, the Dalai Lama.

The decision to exclude the boy, Gedhum Choekyi Nyima, who was proclaimed a living Buddha in May in an announcement from the Dalai Lama's headquarters in India, was announced by the official New China News Agency, which also car-ried statements by President Jiang Zemin

old, is certain to draw international crit- Minister Li Peng for approval by China; icism over China's deepening intervention State Council. in Tibetan religious affairs.

and displeased" with Beijing's attempt to limit religious freedom in Tibet.

Beijing's announcement on Sunday followed a six-month standoff. On Wednesday, Communist Party officials in charge of religious affairs convened a secret meeting in Beijing of 75 Tibetan leaders and told them to prepare to select a new Panchen Lama from a list of three boys who had been among 28 finalists. The Dalai Lama's choice was not among

Panchen Lama's reincarnation is centuries and the selection will be presented to Prime

The act of Dalai in choosing a rein-Last week, the State Department's spokesman, Nicholas Burns, said that the Clinton administration was "discouraged ment carried by the official press agency ment carried by the official press agency said. "The so-called reincarnated child therefore fails to meet the conditions" for the new Panchen Lama.

The 10th Panchen Lama died in January

A committee of religious figures headed by Abbot Chadrel Rinpoche carried out a

six-year search for the successor. It is believed that the search committee clandestinely recommended finalists to the Dalai Lama, who announced his choice

May 14. and other senior Chinese leaders.

The selection will be made by drawing
The exclusion of the boy chosen by the
Dalai Lama, whose right to confirm the
The selection will be made by drawing
lots from a golden urn at the Tashilunpo
monastery in the Tibetan town of Shigatse,
committee.

South Korea Opposition Chief Sees a Plot

Agence France-Presse SEOUL — Kim Dae Jung, South Korea's opposition leader, on Monday pledged an "all or nothing" battle against what he called President Kim Young Sam's plot to destroy him politically in the country's slush-

'There will be no more compromise," he declared at a caucus of his National Congress for New Politics.

fund scandal.

Kim Dae Jung, a strong op-position presidential hopeful in 1997, accused the president of using the scandal as a political

games in my life," the opposition leader said.

He urged his party to launch a "do or die" campaign to prove that the president had received slush funds from his disgraced predecessor, Roh Tae Woo, to finance his 1992 presidential race.

Earlier, Kim Dae Jung said he had received \$2.5 million from Mr. Roh for his unsuccessful presidential bid in 1992. But he contended that Kim Young Sam, the nation's first non-military-backed president assassination tool. in three decades, took "much elections for may "I have never been engaged more" from Mr. Roh, who has provincial governors.

in such shameful and dirty admitted raising a \$650-million His party filed a libel suit games in my life," the opposition slush fund while in office from Monday against Kang Sam Jae, 1987 to 1993.

The two Kims, although both former dissidents, have remained bitter rivals, quietly joining only to combat conservatives associated with past authoritarian governments.

Kim Dae Jung, imprisoned several times by past governments, retired from politics after his third presidential bid failed in 1992. But the veteran politician came back in July, emboldened by a successful showing by his group in June in three decades, took "much elections for mayors and

secretary-general of the ruling Democratic Liberal Party, who charged last week that Kim Dae Jung also had hoarded a huge slush fund.

"We must take this scandal as an opportunity to eliminate old time politics," the party leader said, singling out Kime,

Dae Jung.
On Monday, Mr. Kang, a close associate of Kim Young Sam, called again for Kim Dae Jung's retirement from politics, urging that the probe used to end "shameless and immoral political practices.

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Jiang, Visiting Seoul, Seals Relationship

SEOUL — President Jiang boasted that their solidarity was Zemin of China arrived Mon- "as close as lips and teeth" in day for a five-day visit, sig- the decades after the 1950-53 naling Beijing's new intimacy Korean War, in which Seoul and its cooling to-backed the North. ward its old Communist ally Pyongyang, according to diplo-

Mr. Jiang, the first Chinese head of state to visit South Korea, was accompanied by Foreign Minister Qian Qichen and other senior Chinese leaders.

Diplomatic relations were established in 1992. Since then, South Korean companies have rushed headlong into the Chinese market, investing billions of dollars in factories and property along China's booming

Mr. Jiang is scheduled to meet his South Korean counterpart, Kim Young Sam, on Tuesday to discuss economic cooperation and issues of peace and security on the divided Korean Peninsula.

The trip coincides with a crisis in South Korea's ties with North Korea.

Brushing aside a goodwill gesture of free rice aid from Seoul, the North in May detained a Southern trawler and its crew and refused requests to release them. In recent weeks two spy incursions from across the border have provoked fullscale security alerts in South Korea.

China and North Korea Korean War, in which Beijing

But China has now decided that its friendship with an old comrade cannot stand in the way of rich economic rewards

from closer ties with Seoul. Mr. Jiang is to address the National Assembly on Tuesday, the first president from a Communist country to do so.

Chinese figures show that bilateral trade will reach \$15 billion this year, from \$11.66 bil-lion in 1994. Two-way trade shot up 47.1 percent to \$11.5 billion in the first nine months of the year from a year earlier. South Korea's foreign min-ister. Gong Ro Myung, and Wu Yi, China's foreign trade min-

ister, will sign an agreement under which China can benefit from Seoul's Economic Development Cooperation Fund, a Foreign Ministry official said. The fund was set up in 1987

to offer soft loans to Korean companies investing in developing nations in the region.
Mr. Jiang is to tour Samsung Electronics Co., Hyundai Mo-tor Co. and Hyundai Heavy Industries Co. in South Korea's

manufacturing heartland. He leaves for Osaka on Friday to attend the Asia-Pacific Economic Cooperation forum.

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New Challenge to Taiwan Leader TAIPEI - The division in the governing Nationalist Party was underscored Monday with the announcement that former Prime Minister Hau Pei-tsun would join another party member in running against the ticket of President Lee Teng-hui in March presidential elections.

BRIEFLYASIA

Lin Yang-kang, who has defied party rules by announcing an independent candidacy for the presidency, said that Mr. Hau had agreed to be his running mate.

Both men are deputy chairmen of the Nationalist Party and Both men are deputy chamber of the so-called nonmainstream faction, which opposes Mr. Lee on several fronts.

Dhaka Political Crisis Deepens

DHAKA, Bangladesh — Opposition activists fought bat-tles with the police Monday on the third day of a national strike as hopes faded for a peaceful resolution to a deepening

Witnesses said heavily armed police had chased hundreds of protesters chanting for Prime Minister Khaleda Zia to resign and open the way for elections. Strikers threw stones at security forces, a witness said. There were no immediate reports of injuries.

Sources in the governing Bangladesh Nationalist Party said they regretted a decision by the opposition leader Hasina Wazed to reject talks with Begum Zia. (Reuters)

East Timor Security Forces Seize 4 DILI, East Timor -- Indonesian security forces arrested four

people in East Timor during the anniversary of the 1991 killing of unarmed protesters by Indonesian troops, the police said Monday. The charges and names of those arrested were not

The East Timor police chief, Colonel Andreas Sugianto, said that a banner and flag of the Fretilin guerrilla movement also had been confiscated Sunday. (Reuters)

Killer of Aum Cult Chemist Jailed

TOKYO - A gangster was sentenced to 12 years in prison Monday for killing a leader of the Aum Shinrikyo cult.

In pronouncing the sentence on Hiroyuki Jo, the Tokyo District Court said that he had seriously damaged the investigation into a deadly nerve gas attack on the Tokyo subway by killing Hideo Murai, who had been responsible for

the cult's chemical research. Manila Repatriates 14 Chinese

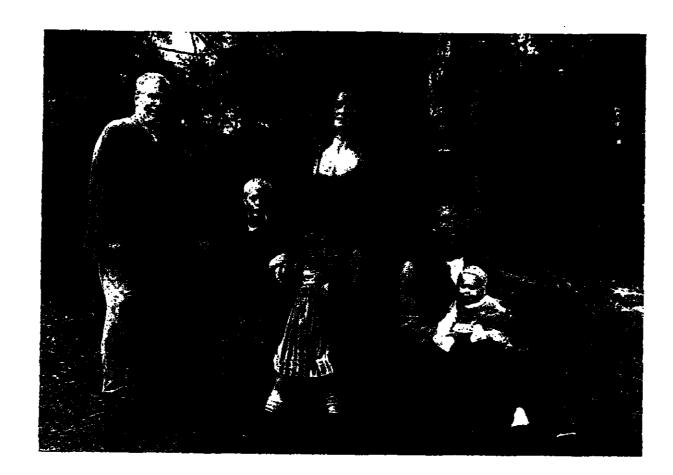
MANILA — Fourteen Chinese fishermen shipwrecked last month in the disputed Spratly Islands were flown to China on Monday, the Department of Foreign Affairs said. The fishermen left on a Philippine Airlines plane bound for Xiamen, the department said. They had been given shelter by a Philippine Navy detachment on Likas Island, where their fishing vessel ran aground Oct. 25.

VOICES From Asia

Lal Krishen Advani, leader of the rightist Bharatiya Janata Party, saying his party would make Kashmir a major campaign issue in the coming national elections in India: "What is a plank for us is their willingness to capitulate to militants and offer everything short of freedom." (Reuters)

Han Dongfang, a Chinese dissident and labor activist living in Hong Kong, saying that Japan was refusing to grant him a visa to attend a conference on labor rights in Kyoto: "One consul appeared behind the counter and said to me in English, "This is our rule," then walked away."





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From Russia to North Africa, Europe Sees New Threats

MADRID — The possibility of mass migration from Algeria or the disruption of energy supplies from the former Soviet Union represent major new threats to European security, according to a document to be adopted

Tuesday by 27 European states here. Biological or chemical weapons nization. technology falling into the hands of viet scientists promoting nuclear prothe on end of the Cold War has made "mas- paper.

sive military confrontation a remoter prospect," it said.

The document, a copy of which was obtained by AFP, is to be approved by foreign and defense ministers from the 10 member states of the Western European Union and 17 other countries that have various links to the orga-

The document makes no explicit terrorists, the possibility of former So-reference to the civil war in Algeria. but concern that a seizure of power by liferation and the growing risk of en- Islamic fundamentalists could promote a mass exodus toward France, Chemobyl scale are also seen as risks Italy and Spain is a barely disguised that need to be addressed now that the theme running through the 39-page

weakness of democratic institutions in parts of North Africa are today sources attention from the WEU. of great concern for Europe as a whole," one section notes.

It goes on to say that "the nature of the security risk is mainly connected with the challenge represented by ex- pacity to intervene in crises also points are critical for Europe." tremist movements, the asymmetry between Europe and North Africa in economic wealth and in population growth."

Other sections note that problems associated with uncontrolled or illegal

"Increased instability and the basin as an area of strategic importance for Europe, meriting particular Florence, Euroforce is able to rapidly

> Algeria is one of six Mediterranean states with which the organization has force is a naval sister force. begun a security dialogue. The development of the WEU's limited cabluntly that "Russian energy supplies to a potential role for it in the event of an explosion in Algeria.

The WEU is currently developing a Europe by pipelines "through areas of capacity to evacuate civilians from uncertain stability." crisis zones and the most important military forces made available to it. migration have become "an issue relevant to European security." The document identifies the Mediterranean crisis.

From permanent headquarters in assemble 10,000 troops from France, Italy, Portugal and Spain. Euromar-

It also highlights the vulnerability of gas and oil supplies conveyed to

In response to these new threats, the document points the way to a continning reinforcement of the WEU's military capacity to carry out peacekeeping and humanitarian missions.

EU and Morocco Sign Fish Pact

BRUSSELS - The European Union and Morocco initialed a new four-year fisheries agreement on Monday that will allow mainly Spanish fishing vessels to return to Moroccan fishing grounds, a European Commission spokesman said.

On Saturday, the Union and Morocco concluded a trade and cooperation agreement allowing the fisheries deal to be tied up after a political compromise struck on Oct. 13.

The EU will now reduce fishing in Moroccan waters and will land part of its catch in Moroccan ports. (Reuters)

Trade Compensation Weighed

BRUSSELS - European Union officials, facing a yearend deadline, are pushing ahead with an accord to compensate the bloc's trading partners for the accession of Finland, Austria and Sweden last January, trade sources on Monday. The European Commission, reusing its tactics at the end of the Uruguay Round of the General Agreement on Tariffs and Trade, is focusing on the United States initially, since Washington can retaliate with sanctions if unsatisfied.

Most aspects of the U.S. compensation plan, which is being used as a blueprint for concessions to be offered in Geneva to the European Union's other trading partners, have been effectively tied up. But agriculture, although only a small part of the package, is proving to be problematic.

Yeltsin Increases His Workload

MOSCOW - President Boris N. Yeltsin held several official meetings and phone conversations on Monday, significantly increasing his workload as he recuperates from a heart ailment in the hospital, officials said.

-Mr. Yeltsin's working time has been "considerably expanded" and now nearly corresponds to the daily routine he maintains when working in the Kremlin, said the president's spokesman, Sergei Medvedev.

Spanish Pullout on Eurofighter?

MADRID - The Spanish Defense Ministry said Monday that it had no comment on a report that Spain planned to pull out of the costly four-nation Eurofighter project.

Citing unidentified defense sources, El Mundo said Sunday that Spain planned to quit the Eurofighter project as soon as Germany takes the first step in questioning the program's viability. Representatives of the four nations are expected to meet Thursday in Rome to discuss the project.

Calendar

STRASBOURG: Weekly meeting of the European Com-

BRUSSELS: Meeting of study group charged with prepar-ing the intergovernmental conference of the 15 EU member

STRASBOURG: Jacques Santer, president of the European Commission, meets with the UN Secretary-General Boutros Boutros Ghali.

Paris Reacts Coolly to Dane Seeking NATO Post

By Craig R. Whitney
New York Times Service

PARIS - The former foreign minister of Denmark asked France on Monday to support him for the post of NATO secretary-general, but French of Clinton administration opposition. officials said he got no encourage-

Diplomats said it was virtually certain that President Jacques Chirac would veto the Danish candidate, Uffe Ellemann-Jensen, despite entreaties from the United States and the three Nordic countries that support him

Denmark, Norway, and Iceland.

ception Monday afternoon from For- Ellemann-Jensen spoke French. eign Minister Hervé de Charette, three days after Mr. Chirac's favorite canlands, withdrew his candidacy because

The post has been vacant since Willy face an investigation into a Belgian mand structure in 1966.

Mr. de Charette's main aim, diplo-

didate for the NATO job, former Prime NATO secretary-general who can re-Minister Ruud Lubbers of the Nether- store French fully to its status as one of which it has remained despite France's withdrawal from the North Atlantic Claes of Belgium resigned Oct. 20 to Treaty Organization's military com-

arms procurement scandal.

"I saw Mr. Lubbers at his request. I rethinking the issue of the NATO sucalso saw Mr. Ellemann-Jensen at his cession, Mr. de Charette said, in effect request," Mr. de Charette said Monday ruling out Mr. Ellemann-Jensen, but the process would take some time.

One official said that as Danish for-Mr. Ellemann-Jensen got a cool re- mats said, was to see how well Mr. eign minister in 1992 and 1993, Mr. European Union.

Not well enough, apparently. French officials say that Mr. Chirac wants a NATO secretary-general who can restore French fully to its status as one of the alliance's two official languages, willing to accept him in NATO's top civilian post. Foreign Minister Klaus Kinkel of

Germany and Mr. de Charette said Monday night after a meeting on other matters here that they had discussed the NATO succession but decided not to make their thoughts public. They and most of the other European allies will gather in Madrid on Tuesday for a meeting of the military arm of the

Party Backs Kinkel as Wave of Criticism Mounts

BONN — Foreign Minister Klaus Kinkel was under fire had backfired badly. from all but his closest allies on Monday as commentators, academics and diplomats joined a chorus criticizing his handling of an aborted conference on Is-

Mr. Kinkel's Free DemocratParty which solit last Friday

The Frankfurter Allgemeine ic Party, which split last Friday when Parliament voted to withdraw an invitation he had given to Foreign Minister Ali Akbar Velayati of Iran, finally lined up lutions. One can't blame the behind him at a leadership

meeting in Stuttgart. world, which Mr. Kinkel want- weekend after deputies from ed to woo with the conference both opposition and governthat he abruptly postponed after ment ranks joined to hand Bosnia. Turkey, Egypt, the surprise parliamentary res- Chancellor Helmut Kohl's Tunisia, Morocco and Pakistan

"We have slapped the moderate Islamic states in the face." said Gernot Rotter, a Hamburg

University orientalist. They must think we have made Velayati into an Islamic

Zeitung wrote: "In his stubbornness, Kinkel has opted for the worst of all possible soehind him at a leadership opposition for urging him to resign." Mr. Kinkel defied But experts on the Muslim calls for his resignation over the

The deputies were outraged by a remark of the Iranian president, Ali Akbar Hashemi Rafsanjani, that the murder of Prime Minister Yitzhak Rabin was "divine revenge" for the killing last month of the Islamic lihad leader, Fathi Shqaqi, in

It was a direct slap at Mr. Kinkel, whose policy is to pursue a "critical dialogue" Iran and who had defended Mr. Velayati's presence at the con-

Stung by the vote, Mr. Kinkel postponed the conference, which ministers from

opposition deputies, who said

Mr. Rotter said Mr. Kinkel should not let Iran upset the dialogue Bonn seeks with other Islamic countries to avoid potentially dangerous resent-ments and misunderstandings developing between Christian Europe and Muslims.

'Ît is very important to talk with liberal and moderate fores in the Islamic world," he told German radio. "The dialogue with Iran is being conducted by

businessmen anyway.' The Bonn ambassador of a prominent Islamic country said

olution against him, said the coalition its first defeat in this had also been set to attend this place if the hosts invited minister's diplomatic initiative legislative period. week. That drew fresh fire from provocative figures like Iraniprovocative figures like Iranians and the Sudanese funda-Mr. Kinkel had missed the mentalist leader Hassan Turabi, as well as conservative U.S. congressmen who warn about a

"Islamic menace." "If you just invite the moderates on both sides, everybody will end up saying, 'You're not so bad and we're not so bad said the envoy.

"The dialogue has to be serious," he said. "This may not be the time to do this at the

The Free Democrats, whose honorary chairman, Otto Lambsdorff, voted with the opposition Friday, backed Mr. Kinkel Monday and said it saw no alternative a real dialogue could only take to his foreign policy.

Berlin Wall Deaths Trial

Reuters
BERLIN — A Berlin court Krenz, for the deaths of citizens fleeing over the Berlin Wall af-

trial judges were biased. Mr. Krenz's lawyer asserted that three of the five judges had effectively prejudged the case by agreeing last week to up-grade the charges against Mr. Krenz and five other former

Party Politburo. The judges decided to postpone the trial for a week to allow the objection to be ex-

The six men face a total of 47 charges of manslaughter charges and 24 charges of at-

"The defendant is convinced that the judges have already made a final judgment, to his detriment," Mr. Krenz's lawyer, Robert Unger, told the court in a written submission. The lawyer for another of the defendants, Gilnter Schabowski, the Politburo spokesman,

geted the presiding judge. Hager, Horst Dolus, Günther Kleiber and Erich Müecken-

berger.

Judges Halt

on Monday postponed the trial of East Germany's last hard-line Communist leader, Egon ter his lawyer objected that the

members of the Communist

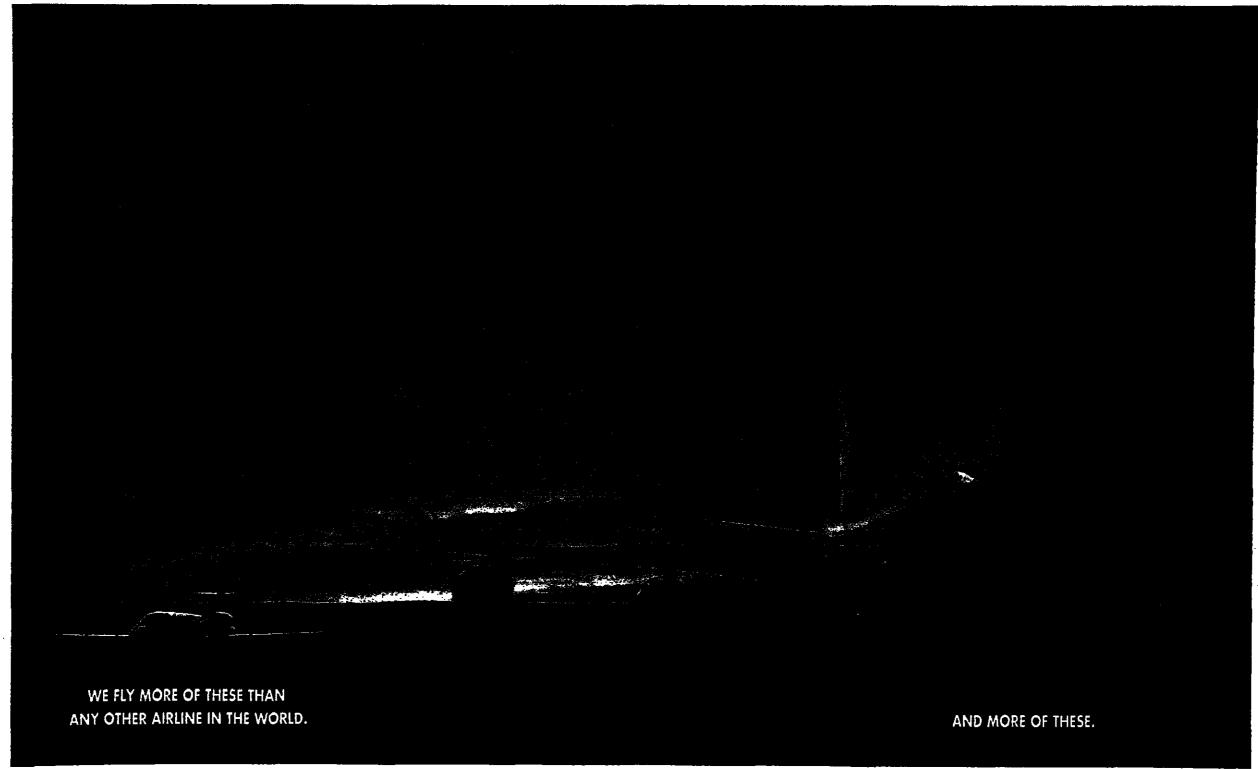
tempted manslaughter.

lodged a similar appeal that tar-

The others on trial are Kurt

European Union events scheduled for Tuesday: states in 1996 on the reform of European institutions.

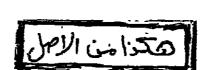
LONDON: Edith Cresson, commissioner in charge of research and development, meets with the British education minister, Eric Forth, and the science minister, Ian Taylor. Sources: Agence Europe, AFP



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INTERNATIONAL

Poor Mexican State Lima Picks Rejects Leftist Party A Mayor,

By Tod Robberson Washington Post Service

sought gubernatorial seat.

Despite signs that the state's can voters overwhelmingly eming Institutional Revolutionary Party, whose candidate here is Victor Tinoco, in the governor's office.

Their decision bucked a nationwide trend that had dealt defeats to the governing party in three of the last five gubersuggested clear rejection of the socialist economic policies ofcratic Revolution, which re- seats, has never won a govgards Michoacan as its main ernorship.

bastion of support. counted Monday, the state elec- and Mexico City for local and toral institute said the govern-statewide elections, but Mitoral institute said the governing was holding onto power in choacan, the only state with a the state with 38.2 percent. The governorship at stake, was seen conservative National Action Party was second with 31.1 percent, while the Party of Demo-

cratic Revolution trailed third Rebuffing with 27.5 percent.

MORELIA, Mexico — Voring party victory came as little

Full Morel

**Ful ers in the impoverished state of surprise to voters here, who Michoacan, cradle of Mexico's have seen no other party repmain liberal opposition party, resented in the governor's appear to have crushed the palace this century, political an-len's hopes of winning a long-alysts said they had expected a closer race.

The Party of Democratic for President Alberto Fujimori poverty is deepening as the Revolution's showing apMexican peso slides to record peared to be the result of a sizliuical allies has been defeated in the election for mayor of low exchange rates, exit polls able shift in voter preference to in the election for mayor of Sunday indicated that Michoa- its rightist counterpart, Nation- Lima, underscoring growing al Action, which until now had discontent with Mr. Fujimori's elected to keep the long-gov- little following in this Pacific concentration of power. Coast farming state.

National Action, which has Jaime Yoshiyama, a former gained enormous political cappresident of the Congress, conital from voter outrage over ceded his loss soon after the Mexico's 11-month-old economic crisis, hoped to mirror the same strong performance that led it to landmark victories natorial elections. The vote in three other gubernatorial races this year. Democratic Revolution, the No. 3 party in fered by the Party of Demo-terms of federal legislative

Sunday, millions of voters With 35 percent of the votes headed to the polls in six states as the key test of the leftist opposition's continued viability on a national scale.

"Lima is in crisis and it doesn't want to get any worse," Mr. Andrade said. "It's nec-

essary for all of us to work together — President Fujimori and the Congress — to fix the In a typical comment, José Maria Torres, 42, a lawyer, said he had voted for Mr. Andrade to

By Calvin Sims

New York Times Service

LIMA - In a major setback

Mr. Fujimori's candidate,

poils and pledged to work with

television stations indicated that Mr. Andrade captured

about 55 percent of the vote.

Unofficial vote tallies by

An experienced public ad-

ministrator who served two

terms as mayor of a wealthy

district of Lima, Mr. Andrade

said one of his first steps would

be to clean up Lima. Pollution,

poor sanitation, crime and the

dors were among the campaign

the winner, Alberto Andrade.

send a message to Mr. Fujimori.
"He rules at the will of the people, and unless he starts addressing Peru's problems, he GUATEMALA - A rightist tricity supplies returned in parts can forget about his party winning in the next election," Mr. Torres said.

Santiago Pedraglio, a polit-Early results from the ical analyst, said: "The people government concentrated in the hands of Fujimori. This represents a setback for the govemment, for President Fujimori and his future.

Although Mr. Fujimori retains an 80 percent approval rating, he has been criticized lately for his authoritarian management style and for failing to cut poverty and unemployment.



KOHL IN CHINA — Chancellor Helmut Kohl reviewing an honor guard in Beijing on Monday with Prime Minister Li Peng. Mr. Kohl arrived for a five-day visit with a group of 45 representatives of German companies.

growing number of street ven-Tanzania Opposition Pulls Out of Race

DAR ES SALAAM, Tanzania - All opposition candidates withdrew from Tanzania's presidential race Monday, paving the way for the ruling party's Benjamin Mkapa to become head of state.

At a news conference, a coalition of 10 opposition parties said they would also boycott repeat presidential and parliamentary voting in the capital, Dar es Salaam, scheduled for next Sunday.

Because of the irregularities that took

for the NCCR-Mageuzi party. He said the election results. In an hourlong ruling, opposition had no confidence in the Na-Judge Josephat Mackanja dismissed the tional Electoral Commission, which ran the Oct. 29 election that was called chaotic by independent monitors and described as rigged by the opposition.

Ibrahim Lipumba of the Civic United Front and John Cheyo, leader of the United Democratic Party, also announced they were withdrawing from the presidential race.

The High Court earlier Monday rejected an opposition application to have the place everywhere. I do not see any point in planned rerun of voting in Dar es Salaam contesting the presidency, "said Augustine canceled and another opposition bid to having gained 80 percent of the seats so of similar problems in the city. Mrema, leader and presidential candidate suspend the announcement of presidential

Judge Josephat Mackanja dismissed the application for the rerun to be scrapped. saying the opposition had not shown how it would suffer if it went ahead. The three-man court also rejected an

opposition application for the suspension of the official announcement next Sunday of results from the presidential vote on Oct.

The ruling Chama Cha Mapinduzi, or Party for the Revolution, was poised for a said they were buying gas botlandslide victory in the parliamentary race, thes and filling old ones in case

Rebels Step Up **Bombings** In Algeria

ALGIERS - Muslim rebels stepped up bomb attacks ahead of Algeria's presidential election this week, while the au-thorities on Monday deployed security forces to try to reassure 15 million voters caught in the confrontation.

In barracks and police stations around the North African country, off-duty soldiers and members of security forces started voting — three days ear-ly — so that the nation's military might will be free to face Muslim fundamentalists pledged to wreck Thursday's election.

On Monday, the last day of campaigning for the four men contesting Thursday's vote, Algerian newspapers reported at least six attempted bomb attacks, including one by a suicide bomber that wounded a dozen women and children.

To try to limit potential targets for rebel attack, the Interior Ministry announced that all weekly markets would be closed and all sporting events suspended for five days.

The movement of heavy vehicles - some of which have been used as massive bombs or to ferry Muslim rebels for mass attacks — is also to be strictly controlled, the ministry said.

Newspapers said gas supplies to the northeastern town of Tizi Ouzou were cut because of suspected sabotage last Friday, and some residents of Algiers

The election pits the incumbent, appointed president, Liamine Zeroual, against an Is-lamist, Mahfoud Nehnah, an an-ti-Islamist, Said Saadi, and a moderate Islamist intellectual. Noureddin Boukrouh, Mr. Zeroual is favored to win.

Algeria's main legal opposition is boycotting the election. which it terms a ploy by the military to cling to power.

Muslim rebels have been trypoised to win was scrapped.

Rightist Takes the Lead In Guatemala Election

candidate has taken an early lead in Guatemala's presidential elections, but he said it was not clear if he would pull off a first-round victory as his supporters have already claimed. We are awaiting the results, we are fluctuating between 49

និងសមភាពខ្មា

percent and 51 percent," said the candidate, Alvaro Arzú Irigoyen. He added that a firstround victory was "feasible." Shortly after midnight Sunday, a power cut plunged Guatemala City and large parts

of the country into darkness and

interrupted the vote count. Elecof the capital 90 minutes later. There was no immediate ex-

planation for the power cut. Supreme Electoral Tribune don't want all the power of our showed Mr. Arzú winning 61.8 percent of the votes Guatemala City.

Supporters set off fireworks and waved flags outside the party's headquarters, even though only 5 percent of the ballots had been counted in the capital. Unofficial returns from rural areas showed Mr. Arzú gaining 40 to 45 percent of the vote.

UNION: Commission Drops Opposition to Tougher Rules on Budget ing stance on monetary union currency will be as strong and in an interview in the Financial

Continued from Page 1

specified in the Maastricht treaty. Moreover, it would comfor a budget deficit of just 1 percent of GDP in periods of

economic growth. Mr. Waigel's uncompromis-

has upset Germany's partners stable as the Deutsche mark. mestic product, the ceiling in the past two months and led Bonn's commitment to a single mit member countries to aim currency. But Mr. Waigel has

stable as the Deutsche mark. Times on Monday, although he Finance Minister Jean did not specifically endorse the many EU officials to question Anthuis of France, who first idea of automatic sanctions. warmed to the idea of tighter

budget constraints at an EU mission officials had opposed insisted that tighter budget cri- monetary meeting in Spain at any additional budgetary re-German public that the future Waigel's proposed stability pact of the Maastricht treaty.

Previously, European Com-

teria are needed to reassure fi-nancial markets and a skeptical clear endorsement of Mr. would require a renegotiation a general election they were



Ask any news reporter who has spent years in the field which, of all the things they have witnessed in their long careers, was the most impressive.

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telling you about the coronation of a king. or the inauguration of a president, instead they will recall a face, remember a person, perhaps from long ago, in a faraway place,

Maybe it was an old woman who gave up her place on a refugee boat so that a mother and child could escape certain death. Or the dignity with which an ordinary family, confronted with the unthinkable.

might have been an act of insane courage, millions of ordinary people right now. by someone whose name will never find a place in history books.

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INTERNATIONAL

PAGE

Bosnian Croats Accused Of Persecuting Muslims

By William Drozdiak Washington Post Service

The United Nations criminal tribunal for the former Yugoslavia charged six leading Bosnian Croats with war crimes Monday for "the persecution on political, racial and religious grounds" of Muslims in central Bosnia in 1992 and 1993.

The latest indictments from the Hague court accused Dario Kordic, vice president of the Croatian community in Bosnia, and Tihomir Blaskic, chief of staff of the Bosnian Croat army, of crimes against humanity carried out on "such a large scale" that they "effectively destroyed or removed almost the entire Muslim civilian population in the Lasva Valley.

Four other Bosnian Croats were accused of lesser charges involving breaches of the 1949 Geneva Convention stipulating laws or customs of war.

The Hague tribunal has now indicted fifty-two people on pect, Dusan Tadic, is now in custody and facing imminent

military figures in Bosnia's present a grave political probfederation that was set up with American assistance last year and Mostar, where the Bosnian as a bulwark against Serb ex-

If the Croats are not arrested and sent to the Hague for trial, it could undermine a key aspect of the prospective peace accord being worked out in Ohio and offer a welcome pretext to the Serbs to maintain their refusal to cooperate with the tribunal.

The leader of the Bosnian Serbs, Radovan Karadjic, and their military commander, Ratko Mladic, stand indicted for war crimes, and their extradition for trial has emerged as a key stumbling block to Bosnia's political fate.

The United States has insisted that cooperation with the tribunal on war crimes issues among the leaders of Bosnia, scheduled meetings in Japan.

Croatia and Serbia. Serbia's president, Slobodan Milosevic, who has been accused of unleashing the nationalist demons that brought about Yugoslavia's disintegration, has refused to recognize the legitimacy of the tribunal.

Mr. Milosevic is negotiating on behalf of the Bosnian Serbs and has balked at requests to turn over Mr. Karadiic and Mr.

Investigators are accumulat-ing evidence that could lead to war crimes charges being filed soon against Mr. Milosevic, tribunal sources said.

While Presidents Izetbegovic of Bosnia and Franjo Tudjman of Croatia have voiced support for the tribunal's work in the past, the indictments could prove to be an embarrassment for them. Only last week, Mr. Izetbegovic and Mr. Tudjman agreed to reinforce the powers of the Muslim-Croat federation.

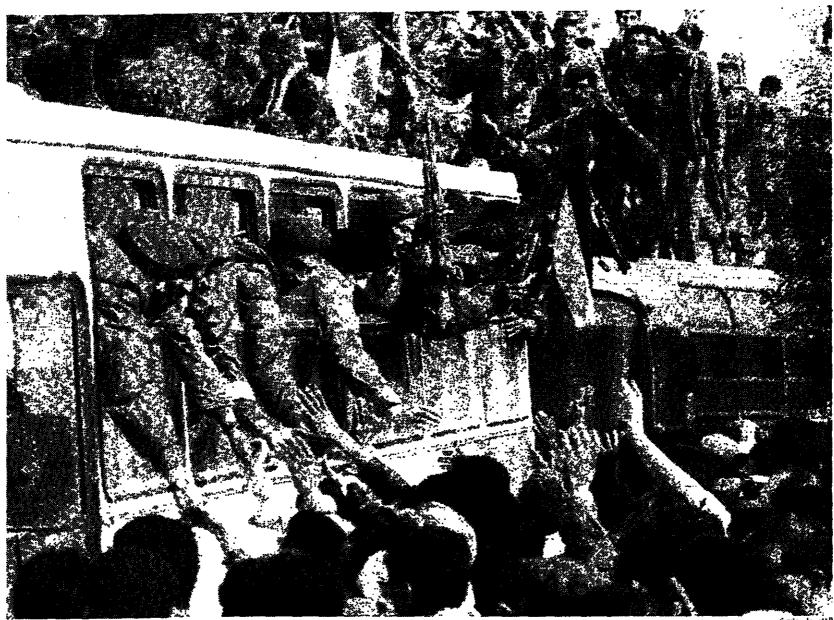
Bosnian government offiwar crimes, most of them cials said that since Mr. Kordic Bosnian Serbs. Only one suscials said that since Mr. Kordic their reach and presumably living in Croatian-controlled territory, in all likelihood they The charges against Mr. Kordic and Mr. Blaskic — two of the most important political and press consent. only with Mr. Tudjman's ex-

Tribunal officials said the in-Croatian community - could dictments and international arrest warrants for the six suslem for the new Muslim-Croat pects were sent to the authorities in Sarajevo, Zagreb Croat community is largely

> The indictments said Mr. Kordic, Mr. Blaskic and the four other suspects planned or gave orders to attack and bomb undefended towns from 1992 to 1993, when the Muslims and Croats abandoned their alliance and engaged in bitter warfare in central Bosnia.

Christopher to Return Secretary of State Warren M. Christopher is expected to return to the Bosnian peace talks in Ohio on Tuesday amid spec-ulation of further progress, U.S. officials said, Reuters reported

from Washington.



Palestinians cheering police officers who arrived by bus in the West Bank town of Jenin on Monday to replace Israeli policemen ahead of schedule.

Pullback and Air Strikes Mark Israeli Succession

By Serge Schmemann New York Times Service

JERUSALEM — Accompanied by the shriek of warplanes over Lebanon and the celebrations of newly liberated Palestinians in the West Bank, acting Prime Minister Shimon Peres settled briskly down to business Monday, the first day after the formal period of mourning for his assassinated predecessor.

Moving down the mandated stations of succession, Mr. Peres, ringed tightly by a cordon of security men, was confirmed by the governing Labor Party as its new leader, clearing the last formality before President Ezer Weizman can officially ask him to form a new government.

But it was the contrasting images of Israeli jets pounding the bases of radical Palestinians south of Beirut while armed They said Mr. Christopher Palestinian policemen took charge of the to the peace deal now being Air Force Base in Dayton for region of the day on his way to previously that most clearly established the agendation that we have the northernmost Palestinian city in the leader of the opposition Likud bloc. Of law — and I refer in particular to the northernmost Palestinian city in the Benjamin Netanyahu, met and agreed to religious community, which has been the northernmost Palestinian city in the same that work and the same that the northernmost Palestinian city in the same that the northernmost Palestinian city in the same that work and the same that we have the northernmost Palestinian city in the same that work and the same t

of Prime Minister Yirzhak Rabin. They provided a clear sign that Mr. Peres intended to pursue the peaceful disen-gagement with the Palestinians, and also to assume Mr. Rabin's soldier's mantle as the scourge of Arabs who reject Israel's offer of peace.

Mr. Peres was said to be seeking that same image of continuity and strength in the formation of his new cabinet. Speculation grew that he would retain the Defense Ministry for himself, as Mr. Rabin had, while raising three rising Labor stars to new prominence.

The army said that warplanes had pounded villages in Lebanon where one of the most radical Palestinian guerrilla groups, the Popular Front for the Lib-eration of Palestine-General Command, has its strongholds. No immediate explanation for the attack was offered, nor were there any reports on casualties.

of the government after the assassination West Bank, turning full control of the lower the temperature of the political severely attacked these days.

city of 40,000 over to Palestinian po- debate. After the assassination, many licemen and touching off daylong jubilation.

Under the Israeli-Palestinian agreement signed in September, Israel is to turn control of all major West Bank cities over to the Palestinians by the end of the year, except for Hebron, where special arrangements will be made to safeguard militant Jewish settlers.

Mr. Peres's refusal to postpone the withdrawal after Mr. Rabin's assassination made clear his intention to continue the West Bank disengagement at full tilt, a message underscored by Yasser Arafat, the Palestinian leader.

"This is the first step, the very important step to implement what we had agreed upon, and we have to thank Mr. Peres for fulfilling his promises to im-

On the domestic front, Mr. Peres and

supporters of Mr. Rabin, and most notably his widow, Leah, assailed the political right and Mr. Netanyahu in particular for having condoned the escalation of political invective to the level where Mr. Rabin was routinely denounced at demonstrations as a traitor and murderer.

"We have to prevent having verbal gallows in Israel, or killers invoking the name of God while they are really the devil's emissaries," Mr. Peres told a spe-cial memorial session of the Parliament.

Speaking to the same meeting, Mr. Netanyahu urged restraint also in indiscriminate condemnation of all Or-

"In this battle against the extreme eryone a chance," Mr. Delors said, "That is why I propose plement what we agreed upon." Mr. take care not to place collective blame that everyone should be given a Arafat said at his headquarters in Gaza, on an entire community which is loyal to credit at, say, the age of 16 the State and acts within the framework which can be drawn on of law — and I refer in particular to the throughout life."

Learning **Vouchers** For All

Unesco Promotes Bank Credit Plan

> By Barry James tional Herold Tribune

PARIS - In a radical break with tradition, a UN education panel headed by the former president of the European Commission, Jacques Delors, is to propose that young people all over the world should be given an entitlement to lifelong learning.

The aim would be to allow future generations to adapt to rapid changes in society and job markets by seeking education as and when they need it.

Mr. Delors suggests that after basic schooling, young people should receive a voucher for a certain number of years of education.

This, he says, "would be credited to an account at a bank which would manage a capital of time available for each individual, together with the ap-propriate funds. Some of the capital could be set aside to enable people to receive continuing education during their adult lives. Each person could increase his or her capital through deposits at the bank under a kind of educational sav-

ings scheme. Mr. Delors is president of an international commission on education for the 21st century. which was set up by the United Nations Educational, Scientific and Cultural Organization. He plans to deliver the commission's full report in March. In the meantime, he recently gave Unesco's general conference here a preliminary synthesis of its contents, including the call for education time vouchers.

Mr. Delors said that many educational systems today select life's successes and failures at an early age, leaving the majority to flounder in a world that lacks reliable signposts and can no longer offer most people the prospect of lifelong careers.

'If education has any pur-

pose, it must be to give ev-

"It is an important idea which has three advantages. First, it would permit a rational financing of education. Secondly, it would promote equality of education opportunities. And thirdly, it would promote the

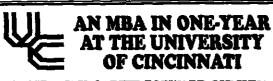
sense of lifelong education."
The idea builds on an influential 1970s Unesco report called "Learning to Be." Issued largely in response to the 1968 student revolt that began in Paris and spread to many other cities, it established the idea of lifelong learning, without suggesting exactly how this should be done. However, the earlier report influenced many traditional universities to open their courses to mature students, while encouraging the growth in many countries of "open universities" that offer degrees and other qualifications to ex-

clusively adult student bodies.

Mr. Delors said his report would steer away from platimdes and ideas about schooling that have been around since antiquity. Some of its findings may shock traditionalists - the idea of voucher-funded education for life, for example, could eliminate many of the existing barriers between schools and so-

"I know our report is going to arouse criticism from those who believe in the utilitarian aspects of education," Mr. De-Clinton to cancel his trip to an Asian economic summit meeting in Japan this week if the citing the great economic sigciting the great economic sigcultural aspects. Our report is a warning. We say that if you want to link education only to

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GUIDE

Main Effects on U.S. Services

WASHINGTON --- Nonessential elements of the U.S. government were to close beginning at midnight Monday, barring a lastminute compromise between President Bill Clinton and the Republican Congress over a

temporary spending bill.

About 800,000 "nonessential" federal workers would be idled. These will be the main effects:

 Embassies: All stay open, but most would provide minimal services, such as emergency visas. Posts were being reviewed to determine which would operate at 100 percent staffing because of overriding U.S. national interests.

Law enforcement: The FBI, border patrol posts and federal prisons would operate normally. Federal courts would remain open but

most civil cases would be postponed. Defense: All active-duty military personnel would report for duty, along with about 570,000 of the Defense Department's 850,000 civilian employees. Central Intelligence

Agency employees deemed essential will report for work.

• Mail: The U.S. Postal Service• would continue mail deliveries as usual.

• Transportation: Air traffic controllers, the Coast Guard and railroad inspectors would continue to work. Amtrak train service would function normally. Passports would not be issued except in emergencies. • Public Health: Meat inspectors, water pu-

rity experts and others deemed vital to public health, safety and national security would stay • Tourism: National Park visitor centers would be closed; campers would be told to pack and leave. All Smithsonian museums in

Washington and New York would be closed, as would the Washington Monument. The National Zoo in Washington would also shut; the animals would be fed. · Benefits: Social Security checks and

Medicare and Medicaid would be issued, but

new applications would not be taken.

BUDGET: Clinton Veto

Continued from Page 1

Mr. Clinton's show of firmness seemed to surprise Republican leaders, leaving them uncharacteristically quiet.
The president said Monday

that he would pursue his fight with Republican leaders as long as it took. So long as their approach on the budget is characterized "more by pressure than constitutional practice," he said, he will fight it.

Investors weighed prospect that this shutdown might be different from earlier ones — that this political sumo match might end with both wrestlers tumbling, disastrously, into the audience.

away from Washington, might not notice the immediate impact of a partial government shutdown. The military will not be affected, air-traffic con-trollers will remain at their posts, and social security and veterans compensation checks will still be sent out. The mail will go through.

But national museums will offices will be shuttered. In national parks like Yellowstone. rangers will tell campers to pack their tents and leave.

Clinton Trims Asian Trip trimmed to a long weekend. Mr.

WASHINGTON - The Clinton will leave Friday night

White House has rejected a Republican call for President Bill solved, but officials confirmed the trip would be shortened.

Treasury Secretary Robert E.

and return early Tuesday.

fiscal standoff has not been re- nificance of the region, but agreed there would have to be a balance" between the desir-The trip, which had been ability of attending and the need scheduled for six days, has been to solve the budget issues.

work, then you lose much of what education can bring to humanity and to society."

WINNERS: Bigger and Biggest Dominate Market

Continued from Page 1

finding themselves in a competitive no-man's land, too big Most Americans, at least to hide in protected niches, but too small to compete against the University Business School making many of the compremore efficient giants.

As a result, it is not uncommarket segment to account for a third or a half of all sales been considered illegal in ear-

press aim of gaining industry in no company's interest to ini-dominance— Chase Manhattan tiate an all-out price war. with Chemical in banking,

in defense, First Data with First killers had upset the old order. out-of-the way places. But Financial in credit card trans- By aligning all of their activmore midsized companies are actions, and, if things work out, ities, from product design to United Airlines purchase of production to sales and distri-USAir.

professor who has made a ca- mises with inefficiency that reer studying how companies come with trying to be all things mon for top companies in a gain competitive advantage, to all customers. said that in earlier times, most competition was between com- power is not new to the U.S. market shares that would have panies that had about the same This change in the market- about the same wages and raw banana and roll of film in the place is reflected in the record materials that cost about the nation. Nonetheless, some close, passport offices will shut number of "mergers among same. Product lines were broad economists argue that as the down, and military recruiting equals" that have been an- and remarkably similar, market economy moves from the innounced this year with the ex- shares shifted slowly, and it was dustrial age to the information

bution, around parrow market Michael Porter, a Harvard segments, they have avoided Concentration of market economy. In their day, United

Lockheed with Martin Marietta new generation of category

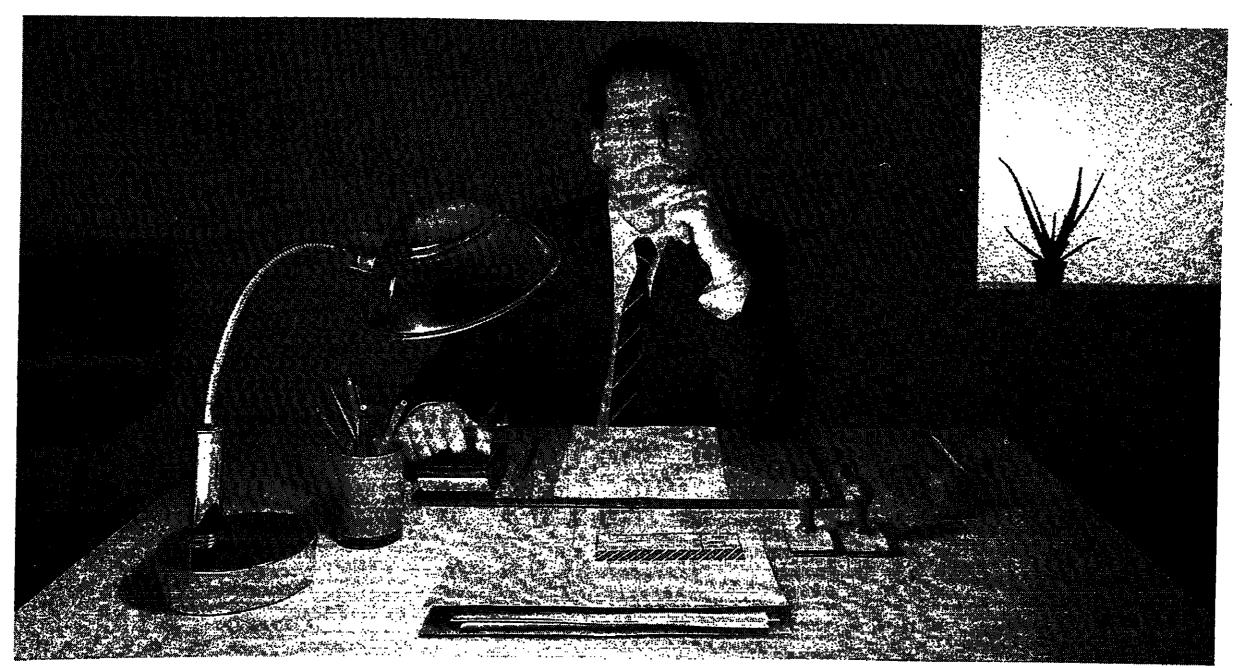
technology and production pro- Fruit Co. and Eastman Kodak cesses, workers who earned Co. controlled virtually every age, the tendency toward winner-take-all competition will But today Mr. Porter said the increase.



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Free Speech for Aliens

Any American citizen has the right to stand on a street corner and hand out pamphlets urging support of political groups in America and abroad. This kind of speech is constitutionally protected even though the organization may be linked to violent acts, as are the Irish Republican Army, the African National Congress or the Popular Front for the Liberation of Palestine. But what about individuals who live in America but are not citizens? That is the question federal courts in California have been grappling with for almost nine years. The U.S. .Court of Appeals for the 9th Circuit has issued an opinion that should settle the question in favor of the aliens.

The case at issue was begun by the Reagan administration and, to the surprise of many, continued by President Clinton's Justice Department. Seven Palestinians and the Kenyan wife of one of these men were arrested in January 1987 because they had engaged in peaceful activities in support of the Popular Front for the Liberation of Palestine. Each had been in the United States for many years, and none had ever been charged with or convicted of any crime.

The government sought to deport them because, according to then FBI Director William Webster, they were "alleged to

be members of a worldwide Communist organization." That sweeping allegation was later dropped and other reasons were offered, including technical violations of the immigration laws, such as working while on a student visa, which ordinarily would not lead to deportation. In addition, two of the men had applied for legalization under the provisions of the 1986 amnesty law but were turned down on the basis of classified information. which was kept secret from them.

This litigation has been long and complicated, and it is not over yet, since some matters have been returned to the trial court for further proceedings. But the bottom line from the appellate court is this: Aliens present in the United States have the same right to political speech and association as citizens. Aliens cannot be singled out for deportation because they exercise those rights. And aliens cannot be

deported on the basis of secret evidence. The Justice Department could continue this case by appealing to the Supreme Court, but it should not. These clear and principled determinations are on firm constitutional ground and ought to be accepted. The government should drop this effort to single out certain aliens for deportation because of their speech. -THE WASHINGTON POST.

Flip, Flop or Feint?

President Bill Clinton sought last week to create the double impression that he both was and was not reversing himself once again on welfare. The effort was less to take a position than to create a blur in which to seek refuge. A few of the president's critics accused him of flip-flopping, but the maneuver did not rise to that level of forcefulness and clarity. Having flipped some weeks before (renounced his past position), he did not quite flop last week, did not actually recant. He just seemed to, or maybe to be about to -- or maybe not. This was a fake flop, perhaps the ultimate in political fast dancing.

The administration's position on welfare is now so convoluted that a little history is in order.

Mr. Clinton campaigned in 1992 in part on a promise to end welfare as we know it by giving most recipients only two years on the rolls. After that they would have to work for their benefits, he said to great applause.

In 1994 the administration then sent up a pretty good reform bill. The trick in these things is always to get the mix right, to put enough pressure on recipients to move them off the rolls while at the same time providing enough support so that they can be expected to do so successfully.
What you don't want to do while pressuring the parents is strand the children. who at any given time are now about an

eighth of all the children in the country. The president's problem was, first, that he promised more than he could deliver --- it is a much slower and costlier process to move families off the rolls the right way than he suggested in the campaign and, second, that the Republicans were not about to let him out-tough them on welfare and steal the issue from them. They happily incorporated his proposals into their own bills and went beyond, as anyone could have foreseen that they would. No legislation moved in the last Congress. In this, both the House and the Senate have now passed much tougher bills than the president had earlier rightly c indicated he would countenance.

His choice a few weeks ago came down to fight or switch. The last thing he wanted to do in the approaches to an election year was veto a welfare reform bill, having done so much himself to stir up the subject. He and 35 of the 46 Senate Democrats thus decided to sign on to a cosmetically improved version of the Senate bill as the less bad of the two

Naturally there was resistance to this, including from some within the administration. The Senate bill, after all, even as prettified, would pull the federal floor out from under welfare and possibly lead to a breakup of the food stamp program as well. A report was prepared in the Department of Health and Human Services showing that even the Senate bill would likely consign about another million children to poverty. As news of the report leaked out, the White House first denied its existence, then said it was incomplete, then said a second study was being done. which presumably would be more thorough. The second study is what came out last week. It shows pretty much the same as the first, which is also pretty much what everyone always understood to be the case anyway.

Mr. Clinton, by way of cover, has now suggested several "improvements" that he would like to see in the Senate bill. But they are mostly cosmetic; they would not change the results much, and it is not clear that he is really intent on pushing them. The White House is meanwhile also trying to broaden the debate. The focus of last week's report was on not just welfare but on the combined effect of all the cuts that the Republicans propose in all the major programs for the poor food stamps, Medicaid, the earned-income tax credit and the like, as well as welfare. The message to the faithful (surely there are some faithful left) was that the president could be counted upon to protect those other programs even if not to protect welfare itself. That is where the battle line is now.

-THE WASHINGTON POST.

O'Leary Should Resign

The U.S. energy secretary, Hazel O'Leary, stepped well beyond the bounds of propriety when her department paid a consulting firm for a project that ranked reporters on how positive or negative their articles were toward her and her department. She should have been fired to make it clear that such conduct cannot be tolerated in the government. The White House responded too casually on Friday by simply rebuking her and warning all departments that rating reporters is unacceptable.

Mrs. O'Leary, a former utility company executive, and her public information officers were apparently concerned that they were not getting their "message" across at a time when they are engaged in a host of controversial issues. So the department paid \$46,500 to Carma International to monitor and an-alvze press coverage.

It was a flagrant misuse of taxpayer money by a department with plenty of its own propaganda specialists. The firm's reports included a ranking of articles, broadcasts and journalists on a scale measuring how favorable, unfavorable or neutral they were.

This was an appalling lapse of judg-

ment. The government has no business drawing up lists of friends and enemies.

Mrs. O'Leary's explanation that she never focused on the list, that there was no violation of the law and that the department took no action against any of the reporters or news organizations rated as unfavorable will not wash.

The compiling of a list smacks of a readiness to manipulate the press by rewarding friends and punishing enemies. It has a potentially chilling effect on reporting and is only a short step from the even more egregious sin of paying investigators to probe the private lives of unfriendly journalists for useful dirt. Mrs. O'Leary says there were "no enemies list, no gumshoes, no investigators." Even so, the late President Richard Nixon, infamous for his own "enemies list," would no doubt think that she was

on the right track. What Mrs. O'Leary and her advisers seem to have forgotten is that negative press coverage is almost always driven by negative events, not by the idiosyncrasies or biases of individual reporters. The secretary could most effectively improve

her department's coverage by resigning. -THE NEW YORK TIMES.



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Editor for Asia: Michael Richardson, 5 Canterbury Rd., Singapore VS11, Tel. (65) 472-768, Fax: (65) 274-234 Mag. Dir. Asia, Rolf D. Kranepuli, 50 Glouester Rd., Hong Kong, Tel. 852-272-188, Fax: 887-272-1190, Gen. Mer. Germany: T. Schlüer, Friedrichstr. 15, 60323 FrankfurdM. Tel. (009) 72-67-55, Fax: (009) 72-73-10 Pres.U.S.: Michael Cannov. 850 Third Ase., New York NY. 10022-7el. (212) 752-3690, Fax: (212) 752-3785 U.K. Advertising Office: 63 Long Acre., London W.C., Tel. (171) 836-4802. Fax: (1071) 240-2254. S.A. au capital de 1.200,000 F. RCS Nanterre B 732021126. Commission Partiaire No. 61337 © 1995, International Hendal Tribune. All rights reserved. ISSN: 0294-8052.



EDITORIALS/OPINION

The Time Has Come for Israel to Make Up Its Mind

PARIS — Yitzhak Rabin was a victim of Israel's divisions, but also of its indecision. Some Israelis are determined to create a greater Israel. Some are content with a smaller Israel, if yielding land to the dispossessed Palestinians will give

Israel peace.
The Oslo agreements, ceding Gaza and parts of the West Bank to the PLO, have been applied at a dilatory pace and in a tortured manner that has reinforced Israeli and Arab opponents of compromise.

The murdered prime minister and his foreign minister, Shimon Peres, could not bring themselves to confront the extremist colonists implanted in territories claimed by the Palestinians. They balked at accepting the logic of the course to which they had committed themselves.

Their approach to the problem of the colonies has been dilatory and irresolute. The colonists and their allies possess quite the opposite qualities. They believe with all their hearts that God has given them a mission to occupy and hold forever all the biblical Holy Land.

In the 1960s the ultra-Orthodox movement was allied with Labor and was poBy William Pfaff

litically moderate. In the years that followed the 1967 war, power passed to a younger generation increasingly intolerant, intransigent in its views, reinforced in this by an emigration of extremist American Jews, some of them preaching indiscriminate violence against all Arabs.

The colonies were expanded because Likud was determined to keep the West Bank territories for political and security reasons. It was politically inhibited in what it did by its economic and military dependence on the United States, but settlement of the West Bank steadily continued with official backing. This "created facts" on the ground in the occupied ter-ritories (and in Jerusalem itself) which Likud's successor governments were expected to be unable to reverse.

Until now they have not tried. Under the present agreements expanding PLO autonomy in the West Bank, Israel is recalling its army from certain areas but leaving behind the colonists, who live in fortified settlements with Israeli troops

permanently on guard. This is not only a provocative situation, tending to subvert killing Israeli leaders who attempt to make peace with the PLO. already exist, but also one which a realistic judgment says cannot last.

The fundamental issues between israel and the PLO still have not been addressed: Jerusalem's status, borders, the return of refugees, the fate of the colonists.

The Rabin government delayed the process in part for electoral motives. Already trailing in voter polls in the lead-up to Knesset elections a year from now, Labor has been afraid to do anything that would further upset an uneasy electorate. But Mr. Rabin's murder now has dramatically changed that situation.

The argument is made that Mr. Peres has a fleeting moment in which he could take radical and decisive action to get a full agreement with the Palestinians, doing so before next year's elections, so as to present voters with peace as a fait accompli so that voters will know that if they reject Labor they are rejecting peace itself.

But the problem no longer is simply political. A significant minority in Israel opposes peace on any attainable terms. It

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These extremists now potentially represent an Israeli version of the Irish Republican Army, or the Secret Army Organization that waged war against Charles de Gaulle after he gave French Algeria its freedom. Armed struggle in Israel between Israelis is possible.

During four decades and a half, Israelis lived with the permanent threat and recurrent reality of war with Arab neighbors, That threat now has lifted. The presence at Mr. Rabin's funeral of King Hussein, Egypt's President Hosni Mubarak, and other officials from Arab countries, as well as six members of the Palestinian autonomy government, attests to that.

The threat now lies within. Can Israel reconcile its citizens who want peace with those who believe that God forbids israel to compromise with its enemies? Will Mr. Peres respond as de Gaulle responded. saying that the nation's common interest must prevail? That now is the question,

International Herald Tribune

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Labor Should Spell Out Its Peace Vision for Israelis to Judge

WASHINGTON — At the heart of the political division within Israel is the failure of Labor and Likud to set forth their different visions of the goal

of the "peace process." Yasser Arafat, on the contrary, has made the PLO goal clear, at least for now: a sovereign state encompassing all the West Bank and Gaza, with all Israeli settlers out, and the Pales-

tinian capital in Jerusalem. That will not happen; the vast majority of Israelis find such an outcome unacceptable. But the silence of Labor's negotiators about their idea of what would be acceptable scares many Israelis and troubles Israel's supporters around the world.

Why not calm those fears with a sketch of a final settlement? Up to now, there were good reasons for cloaking the likely outcome in mystery. The tactical reasons at first were that small steps were necessary to get started, and that tipping your long-

By William Safire range plans is not good negotiating technique. The strategic reason, far more important, has

been to help build up the fragile

PLO as the interlocutor. By concentrating only on initial steps toward local self-rule. and putting off for years any talk of "final status." Israel saves Mr. Arafat from having to tell Palestinian Arabs that all their

dreams will not come true. While concealment of the likely outcome reassured (and misled) Arabs, it made suspicious - and in some cases panicked and infuriated - many Jews. Occasional denials by Labor leaders of intent to divide Jerusalem or uproot settlers, in light of previous denials of the now expected Palestinian state,

met with skepticism. With the murder of Prime Minister Yitzhak Rabin, the backlash of partisan recrimination against the right and the

likely backlash to that backlash. it is time for the Peres government to pay less attention to the concealment needs of Mr. Arafat and more to the need to narrow the divide between Israelis about

the future of the West Bank. What is really in the works there? When Mr. Rabin decided that Israel should neither rule nor absorb 2 million Arabs, territorial compromise became in-evitable. That calls for separa-

tion or joint sovereignty. If separation is to be the route, Shimon Peres should indicate soon, in general terms, the extent of his intent to hold the high ground necessary to Israel's defense and the space for its air defense. Labor's friends tell me that this amounts to more than one-fourth of the land, including

'the bulk of" the settlements. If the unorthodox solution is preferred - joint sovereignty of

dan and the future Palestinian state in Gaza - the risk of friction would be higher but the payoff in ultimate harmony greater.

All Israelis would be better off knowing if this is indeed what a Peres government has in mind. And it would require the opposition to present a more specific alternative.

Ariel Sharon's plan, mapped out long ago, uses the settle-ments on north-south ridges as defenses along the Jordan Valley and the Green Line.

As I get it, Likud's approach would hold 40 percent of the West Bank and protect, even thicken, all settlements. This is a significant difference in degree. but not in principle, from La-bor's unspoken goal. It is the kind of disagreement settled by

elections and not by civil strife. To some religious parties, of course, the idea of giving up one inch of holy land is anathema. Benjamin Netanyahu's opposithe West Bank among Israel, lor-tion coalition can argue that

"only Likud" — like de Gaulle and Algeria, Nixon and China is able to bring the religious right

that is Zionist along. Will Mr. Peres choose to risk weakening the PLO and irritat-ing King Hussein by reassuring the Israeli center — as well as settlers to whom Mr. Peres has given reason to distrust him that retreat from almost all the West Bank and part of Jerusalem

does not await them? The first signal of an end to final-status mystery will be his choice of foreign minister. Just about everybody in Washington figures it will be super dove Yos-Beilin, his longtime chief deputy. But what if he turns to Ehud Barak, the former general. and Chaim Ramon, the Labor maverick, for the top ministries? That would disappoint the divisive Mr. Beilin, and suggest that Mr. Peres realizes the urgency of beginning a peace pro-

cess among Israelis. The New York Times.

For Now, at Least, China Is More an Opportunity Than a Threat

ONDON - China's fast eco-Lonomic growth is enhancing its influence. The China market is

As a result, most countries, especially China's neighbors in Asia, tend to tread lightly in their relations with Beijing; they are reluctant to confront it openly, even when its claims conflict directly with theirs. Economic strength tends to translate, over years, China could achieve the capacity for projecting its power throughout the region.

Reforms since 1978 have sharply accelerated China's economic growth, but have also imposed great strains. Decentralization essential for fast growth has reduced the power of the central coast have grown faster than most of those inland, and the differences have caused tension.

By Bryce Harland

one of the most rapidly expanding initiative has allowed officials to play up external pressures as an Union had to threaten the United safeguard its access to foreign in the world and potentially by far use their positions for personal excuse for imposing tighter dis
States directly with nuclear markets, particularly in the United. the largest. No exporting country gain. Corruption has become cipline. They may adopt a more weapons. As long as America ed States. If other countries want can afford not to be a player. widespread, involving people truculent posture toward the out-maintains a strong military pres- to see the present Chinese policy close to the top. Rural incomes have fallen behind those of the cities, aggravating social problems. Protests against falling incomes and corruption have caused widespread and persistent disorder in parts of the country.

The ruling Communist regime time, into military power. In a few in China still has great strength, not least because it controls the armed forces. But its claim to authority now rests not on political doctrine but largely on success in accelerating economic growth and raising living standards.

Even if recent growth rates can be sustained, the successors of Deng Xiaoping are likely to have government. Provinces along the difficulty maintaining the authority of the central government and

Encouragement of individual some officials may be tempted to side world. The danger could be greater if military leaders came to power. If the internal situation deteriorates after Mr. Deng's departure. China might become more

aggressive, and expansionist. If China came to be seen widely as a threat, rather than as an area of opportunity, that could help promote cooperation among China's neighbors, perhaps pushing them into a coalition designed to contain China. The emergence of a new threat might also help to prevent any drift toward isolationism in the United States by giving Americans the common cause that they found in opposing communism and the Soviet threat. China could provide the basis for making its writ run throughout the a reassertion of American leadcountry. Should that happen, ership in the world.

But is China likely to play the role of ogre? It does not at present have the power that the Soviet ence in the Western Pacific and is willing to deter aggression, Beijing has limited scope to disrupt regional security.

If the China threat were real. how would other countries react? So far, few have welcomed the recent confrontations between Beijing and Washington or embraced the idea of containment. For all their doubts and suspicions, they prefer to go on doing business with the Asian giant and trying to profit from its growth.

If other countries, especially those in Asia, do not want to cut themselves off from China by accepting a policy of containment, if they do not like confrontations, what can be done to avoid such situations? Perhaps not much.

Power struggles tend to develop a momentum of their own. Continual friction between the United States and China seems to be influencing the attitudes of both sides. Hostility is becoming more apparent than goodwill and is affecting the actions of gov-

emments. However, there remains a widespread recognition of common interests. At this stage, Washington and Beijing both seem to have options. Collision is

not yet inevitable. Chinese leaders reiterate that they want peaceful and friendly relations with other nations so that China can continue to concentrate on economic development. This reflects their basic interest; the stability of the regime depends on continuing economic growth.

One of Beijing's key objectives is to get China into the World Trade Organization to safeguard its access to foreign maintained and to prevent any movement toward a less outwardlooking approach, it is in their interests to help Beijing gain admission to the WTO as soon as it meets the requirements laid down for all applicants.

China is a special case, but any attempt to impose special requirements on it would feed the suspicions of those leaders in Beijing who are least outward-looking, strengthening their position within the leadership.

The same danger arises in the political field. Allowing the presdent of Taiwan to go to the United States in June, albeit on a private visit, played into the hands of the hawks in Beijing and led to a military reaction — Chinese missile tests near Taiwan.

No one can be sure that China will not become a threat at some stage; but talking as if it already were one only makes that more likely. For the time being, China does not seem to present as much a danger as it does an opportunity.

If China's growth were disrupted, or if its approach to other countries became less friendly, neigh-bors would probably respond by banding together to protect them-selves. Asia would once again be caught in a Cold War, with all the costs that this would involve. But there is still time to prevent that from happening.

The writer, a former New Zealand high commissioner in London, contributed this com-

ment to the Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Joint Action

VIENNA — On the proposal of Austria, negotiations are taking place between the Powers with a view of establishing an understanding in respect to the events occurring in Turkey. These negotiations are progressing favorably and will result in a definite understanding on two points, the first being that no Power shall intervene separately, the second that every subsequent step shall be undertaken jointly and after preliminary agreement. Each Power is to send a squadron to the East, and these will all cruise in the Egean Sea, but not in proximity to the Dardanelles.

1920: 'Soft' Drinks

CINCINNATI - The extent to which "dry" America has taken to so-called "soft" drinks to replace the hard liquors of other days is indicated in reports placed before the convention of the Association

ages, which show that soft drink manufacturers do an annual business exceeding half a billion dol-lars. This one line of industry during the last eleven months paid \$51,000,000 to the United States Revenue Department.

1945: De Gaulle Wins PARIS - General Charles de

Gaulle was elected President of the Republic yesterday [Nov. 13] by the unanimous vote of all 555 members of the Constituent Assembly present at the historical occasion of choosing a national leader by popular mandate for the first time since before the war. The General is now President of a Provisional Government for seven months. During that time the Assembly is to produce a new constitution for the Fourth Republic. overwhelmingly demanded by the voters. Thereafter the nation will go to the polls again to vote on the of Bottlers of Carbonated Bevergovernment it prescribes. Constitution and choose the sort of

Tensions in Europe Are Dangerous the Spanish fishing fleet -

MADRID — "Stability" is cherished word among Europeans nowadays: law and order, job stability, a solid currency, a common future in the European Union according to a calendar predesigned by the Maastricht treaty, peace, im-mutable liberty of a reconciled citizenry under the state of law. Reality, alas, does not fit in this bucolic European picture.

Underneath, tensions are increasing and the future looms dark. Nationalist movements linguistic, social, economic, political -- are on the march, tearing apart the unitarian nationstate. In 50 years will there be a Belgium, Italy, Spain, United Kingdom as we know them today? Will the spreading of a cozy European mantle over their

fragmentation change things? Events in the former Yugoslavia or the former Czechoslovakia may prove to be not exceptions but the rule. The removal of traditional state borders, free flow of people, goods and money could easily further this centrifugal development in-

stead of averting it. And then there is unemployment, growing and growing. Take one of the worst cases, Spain, with around 24 percent at the end of 1994, 53 percent among youngsters under 20, 31 percent among women.

Big business, under the pres-

sure of increasing competition from outside (Asia, the United

States) is making drastic reduc-

tions in its labor force every-

where. It is costly, heartbreak-

ing, but it is there.

By Guido Brunner

The phenomenon demoralizes the many, splits deeply the society into rich and poor, expropriates the future of the young and erodes the civility of management. Decades ago, firing workers was a measure of last resort. Nowadays it causes

few problems of conscience. And then there is the stream of immigrants. They come by the thousands, from everywhere in Africa and Asia. Five years ago, nobody in Spain knew the meaning of patera. The word is not even yet in the Royal Academy's dictionary. But everybody now is acquainted with the fragile boats. propelled by make-shift engines, for which the word stands. It brings Africans to the peninsula, at night, illegally and by the thousands. Hundreds drown, others are sent back by the border po-

lice. But many make it. In Germany, the 2 million Turks, more than 1.5 percent of the total population, want to set ир a political party. Who can blame them? Again and again, young racists, under the disguise of skinheads, burn their

houses, injure or kill their kin. In France, Algerian fanatics plant bombs and the government finds little better to do than to suspend the Schengen treaty and unrestricted movement of persons at the inner borders of the European Union.

These are not good times for

about 60,000 jobs -- moored because the Germans and the Dutch cannot agree with Morocco about potatoes and flow-ers. Greece, Italy, Portugal and Spain together have a blocking

minority of 28 votes, which

could prevent the coming of age

of European monetary union at the end of 1997. Politics are in turmoil. People are no longer content with the limitations of representative democracy. Their model is not the British House of Commons as prevailing power center but the Swiss referendum. "No taxation without representation" is being updated into "no taxation without participation." Where social groups do not succeed,

they turn to the streets. Political parties matter less. Grass-roots democracy is the order of the day. Thus, in Germany the Greens are easily overtaking the liberal Free Democrats, who have been for ages the linchpin of the democratic system.

It is slippery ground upon which to build the common European cathedral. No wonder Chancellor Heimut Kohl, one of the few towering figures left, said in Karlsruhe the other day that economic and monetary union was a matter of "war and peace in the 21st century.

The writer, a former member of the European Commission and former German ambassolidarity between the rich sador to Spain, contributed this North and the poor South in comment to the International Europe, either. You see most of Herald Tribune.

1 Israelista

OPINION/LETTERS

Bring the Balkan Butchers To the Justice They Merit

By Anthony Lewis

NEW YORK — Four years ago this Saturday, the Croatian city of Vukovar surrendered to besieging Serbian forces. The Serbs went to a hospital filled with refugees, took away hundreds of men, killed them and buried them in a mass grave. It was the first reported arrocify of the Serbian aggression in the former Yugoslavia

In the years afterward, Western governments tried to avoid confronting, head on, the fact of Serbian atrocities. In diplomacy and in the UN operation, they essentially closed their eyes to Serbian responsibility

for most of the horror taking place.

That is no longer possible. The reports of mass murder in the cause of Serbian nationalism have become too overwhelming to ignore. Srebrenica has made the differ-

ence more than anything else. That Bosnian city, declared a UN safe area, was taken by the Bosnian Serbs last July 11. Their commander, Rarko Mladic, had thousands of Bosnian men — civilians — taken away. They have not been seen since.

In mid-August, David Rohde of The Christian Science Monitor went to an area near Srebrenica and reported finding stomach-turning evidence of a mass grave, including parts of bodies sticking out of the ground. Survivors said General Mladic personally witnessed mass executions. As many as 6,000 unarmed civilians were killed: the worst single war crime in Europe since World War II.

The truth of that horror is already having consequences at the peace negotiations going on in Dayton, Ohio. The United States has put forward a draft constitution for Bosnia that would bar the election of anyone under indictment by the International War Crimes Tribunal for the Former Yugoslavia — meaning General Mladic and the Bosnian Serbs' political leader, Radovan Karadzic.

Assistant Secretary of State Richard Holbrooke, the organizer of the talks, has never had any illusions about the two Bosnian Serb leaders. He regards General Mladic as a psychopath. But it is hard to see how Mr. Karadzic or General Mladic would sit still for a peace settlement that would remove them from leadership and perhaps see them turned over to the War Crimes Tribunal for trial.

The unpleasantness of negotiating with two men under indictment war criminals has been sidestepped by having the president of Serbia, Slobodan Milosevic, speak for the Bosnian Serbs. But that device is under stress.

Last week, the War Crimes Tribunal indicted three officers of the regular army of Serbia, one of them a general, for alleged involvement in the 1991 massacre in Vukovar. That brings the tribunal's process very close to Mr. Milosevic. Will he hand over the indicted officers? Can he, politically? If he does, might the officers agree to give evidence against him in order to save them-

selves or reduce their sentences? Mr. Milosevic aroused the nationalist fervor among Serbs that led to the horrors of the last four years. He hoped to lead a Greater Serbia. Now he thinks his best chance to stay in power is to give up those ambitions and be a peacemaker.

The more we know the truth of the atrocities, the harder it is to make a peace that leaves their authors in place. Would we have ended World War II with Heinrich Himmler ruling part of Germany? Mr. Karadzic and General Mladic certainly must go.

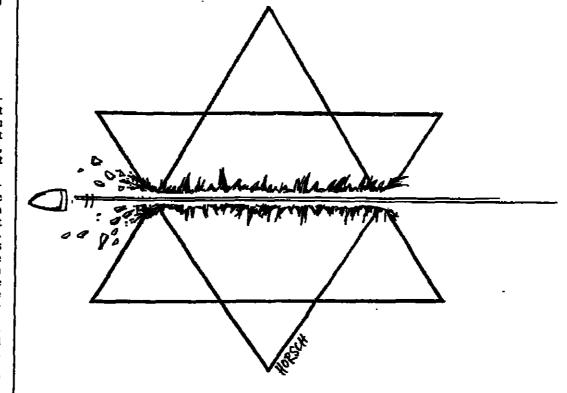
Mr. Milosevic is a hard question But if he can make even a sullied peace, we should not obstruct it. After all, we let the nationalism he aroused burn unchecked for years.

Some in the West have a particular responsibility for these terrible four years. George Bush and James Baker could have stopped the Serbian aggression at Vukovar - before Bosnia. Prime Minister John Major of Britain rivaled Neville Chamberlain in his eagemess to do nothing. And then there were the American policy analysts and commentators who insisted that genocide was not Americans' business or that it was unfair to blame the Serbs.

The emerging truth about Serbian arrocities should make it impossible for us, at least, to abandon the War Crimes Tribunal. The Clinton administration has repeatedly pledged its support. But it withheld so-called intelligence information from the prosecutors until shamed out of that posture. The tribunal complicates the world of diplomats, no doubt. But it is our obligation to history.

The New York Times

50



LETTERS TO THE EDITOR

Action Demanded

Ken Saro-Wiwa was a distinguished writer, and so it is natural that the world's community of writers should mourn his loss. However, he and his colleagues did not die because of his literary output, but as a result of their fight for the Ogoni people's survival and against the tyranny of the Abacha regime. That fight must now become the world's fight.

We therefore demand that, for once, the world's leaders' response to atrocity is strong and resolute enough to bring about real change, rapidly.

Before this dreadful event, the world was not prepared to offer the condemned men anything except the impotence of "quiet diplomacy."

The British Foreign Office favored the "softly-softly" approach. Shell

Oil, for whose profits' sake these men's lives were finally forfeited. now claims that it, too, was engaged in quiet representations on their behalf. Even Nelson Mandela, whose own struggle was aided by sanctions, spoke of the need to take a cautious line with the Nigerian regime.

In the aftermath of these executions — these judicial murders — Parliament of Writers.

what is being done to ensure that the

Abacha government pays for its crime and that democracy is restored to Nigeria?

The United States and Britain have imposed an arms embargo on Nigeria. But is there any embargo against the oil exports that account for more than four-fifths of the Abacha regime's revenues? There is not.

The Commonwealth has not expelled Nigeria, but only suspended its membership, pending a return to democracy. And how long have the tyrants been given to step down? Two weeks, two months? No: They have two long years in which to continue their reign of terror, two years before the Commonwealth will find it nec-

essary to discuss the next step. Such weakness gives tyrants strength. Such half measures cannot make Nigeria whole.

We demand the imposition of full sanctions against the Abacha government, now. The dead deserve no less. As do the living. SALMAN RUSHDIE

The author is president of the Strasbourg-based International

Some Disagree

Regarding "Time for Israelis and Friends to Choose Their Camp" (Opinion, Nov. 9):

Thomas Friedman is certainly entitled to choose the path taken by Yitzhak Rabin. His belief is shared by the (small) majority of Israelis who vote for the Labor Party.

Others, however, disagree and believe that giving the Palestinians the West Bank is the first step toward returning Tel Aviv as well. They believe that Yasser Arafat and his friends have another goal in mind and that it is incompatible with the existence of Israel.

For these voters, the Labor platform is equivalent to suicide. These voters generally vote for the Likud or other, smaller parties, democratically pursuing their goal and vision --- which involves political fighting

For Mrs. Rabin to accuse Benjamin Netanyahu and the Likud of even a remote association with her husband's assassin can perhaps be excused on emotional grounds. ERIC ROSENBAUM

Antwerp, Belgium.

A Cabbie-Philosopher Parses Powell's Appeal

By William Raspberry

WASHINGTON — "Too bad Colin Powell took himself out of the presidential race," I told the cabbie. "It would have been a really interesting race to cover.

"Maybe that's the problem." the cabbie said. "You journalists wanted this man to put everything he had on the line so you could have an 'interesting race to cover.' Everybody wanted him out there for their

MEANWHILE

own reasons, not for the good of the country. It's this selfishness that's

"My, aren't we philosophical to-day," I interrupted him. "As I re-call, you very much wanted Powell to run for president. I suppose your enthusiasm had nothing to do with your personal interests.

The cabbie was quiet for a mo-ment, then he said: "You know, you have a point. I guess I kind of hoped he would run because I thought his getting in would change the whole

"That's how much you know," I told him. "Matter of fact, it is his getting out that has changed the whole political scene. Lamar Alexander is smiling again, Dole is beaming and Clinton is laughing right out loud. Perot says Powell's exit will spark new interest in his third party, and even Arlen Specter thinks he might be able to raise a few dollars now."

"That's a journalist's view-point," the cabbie said. "You're just looking for excitement. As a transportation expert, I'm a little more interested in making things work better. Driving a back doesn't exactly

put you in the category of 'trans-portation expert,' "I told him. To my surprise, he didn't argue the point, except to note that driving a cab was not the limit of his ambitions.

"If you want to know the truth," he said, "the transportation people I really admire are the people who run the Metro. '

What he really meant, I suggested, was that Washington Metro operators have inside work, a salary, sick leave, a pension and other benefits that cabbies don't have. "Besides," I reminded him, "I thought we were talking about Colin Powell.'

"That's what I was trying to do," the cabbie said. "You know, a lot of the people running for president are trying to sell their particular policies. They are for this, against that and want a constitutional amendment to make us do the other.'

Well, of course we want to know what presidential candidates stand for, I said. Surely he wasn't saying

policy proposals don't matter?
"What I was trying to say," he said, "is that the here-are-my-policies guys remind me of a cabdriver. Nothing wrong with being a cab-driver, mind you. Cabdrivers are the only ones who can take individuals exactly where they want to go. Prob-lem is, you can't take very many people at a time.

Presidential candidates ought to be more like Metro operators," he continued. "You know, you put a sign on the front of the train that says: 'Here's where I intend to go. If you like my destination, get on board. If

you don't, get another train.'
"Now, I'm not saying you have to
be bullheaded about it. Metro trains do have brakes, and Metro tracks have switches. In other words, sometimes you have to change your speed or your direction. But what would happen if two Metro passengers wanted to go to D.C. General Hospital and you tried to take the train toward the hospital, and somebody else wanted to go shopping down-town and you tried to take them downtown. How many passengers would be on your train tomorrow? They couldn't rely on you."

'And what's that got to do with Powell?" I asked.

"Aside from Pat Buchanan, who wants to drive the train backwards, it seems to me like Powell's the only guy out there who understands the difference between a train and a taxicab," he said. "Why do you think so many people like him? It's not because they agree with his po-sitions on all the issues. Mostly they don't even know what his positions are - and they don't care. Positions can change. Character doesn't. It's Powell's character folks like me care about, and that's why we're sorry be got out.

Yes," I said. "It would have been a really interesting race to

The Washington Post.

BOOKS

WHAT THEY'RE READING

ONCE UPON A DISTANT WAR

By William Prochnau. Times Books. 546 pp. \$27.50 **CHINA HANDS**

By Peter Rand. Simon & Schuster. 337 pp. \$25 Reviewed by Martin Walker

WILLIAM Prochnau has produced a riveting account of that array of talented and ambitious young journal-ists who gathered in Saigon in the Kennedy years to make their names and record the coming disaster to American arms and American pretensions. But this is also a capstone to a seductive mythology: that what-ever blood and innocence America lost in the misbegotten war, some honor was saved by the fearless independence of its

reporters. Like all the best myths, Prochnau's elegy contains a hard nugget of historic truth. Amid the gossip and the anecdotes and the furious exchanges with U.S. diplomats and editors with the pink of cascading coral me in example, his story clericated between his teeth, to bring out his scoop on the Laos uprising.

• Christian Willer, chef at the Hôtel Martinez, Cannes, is reading "Le Viandier de Guillaume" by Guillaume Taille-

"This is one of the oldest cookery books written in French [1380]. At the pinnacle of his career, Taillevent was in charge of the royal kitchens and many of his recipes can be easily prepared today.

(Margaret Kemp, IHT)

media counterculture that willfully living a lie.

them sound like the Blooms-

back home, Prochnau has pro- vine, wearing a pretty young duced a classic study of the Vietnamese woman on his arm formation of a pack, of a small, and a crooked grin on his bulltightknit and intense Saigon dog face." Neil Sheehan of UPI "looked downright seedy" but learned that its government was also "wore exotica on his arm, a stunning Saigonnaise whose There are times when every curve seemed to have Prochnau's gushing tale makes been sewn tightly into an expensive Parisian party dress." bury Group in another imperial Halberstam noted the absence twilight. An echo of those pre- of U.S. Embassy staff or U.S.

1914 dalliances resounds uniforms and realized at once through Prochnan's carefully that this would be us-versusassembled account of the them, the press in a hostile enfarewell party for Newsweek's vironment, like covering Mistomatic deference and instinc-tive patriotism that had marked marked the arrival of David The legends were a The legends were already in the journalism of World War II, Halberstam of The New York the making. Arnett had swum

Korea and the early Cold War. Times. Peter Amen of The As- the Mekong, his story clenched

war, if no other.

Diem, Vietnam was the last of the newspapermen's wars. TV network news was about to extend to 30 minutes, and the camera crews were poised to take over. But for the moment, the young reporters had a unique ability to shake the official consensus that there was no hole in the doughnut.

ground, from Halberstam's and Sheehan's own books. But Prochnau brings alive the context and the personalities and caps it with a riveting account of how the Saigon pack covered the coup.

Peter Rand's "China Hand," a solid account of the American not match Prochnau's serializa-tion in Vanity Fair, nor will he sell the film rights to HBO. But the China hands like Edgar Snow and Theodore H. White were just as right — and or-thodox U.S. opinion about the political prospects of Chiang Kai-Shek and Mao's Communists just as wrongheaded - as their successors over Vietnam. The China journalists - the Bolshevik Rayna Prohme, the Trotskyist Harold Isaacs, the stubbornly honest White may have become individual legends, but they never formed a pack. Some of their experiences were very like those of their Saigon brethren: the U.S. Brigadier who roared at White.

In journalism, it is not enough to get the story right; the reason why Prochnau's mythic creation works is that his heroes were right at the right time. They were brave and determined, rebels with a righ-

Martin Walker is currently the U.S. and formerly the Moscow bareau chief of the Guardian and the author of "The Cold War: A History." He wrote this for The Washington

Post.

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The Cold War: A History." He

already photographed the elder-ANNOUNCEMENTS ly Vietnamese warplanes taking off with U.S. pilots in the cockpit, and had the film confiscated by American MPs.
Their allies were the U.S.

military advisers in the field, like Colonel John Paul Vann, who found their own gloomy reports blocked by a U.S. embassy and military command determined to win the media

Major Ivan Slavich liberated the reporters from Saigon by giving them access to his new

Before the coup that toppled

Much of this is familiar

In all the best myths, style usually wins out over content. reporters who covered China in the long years before 1950, will "Those Communist guerrillas

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property in the INTERNATIONAL HERALD TRIBUNE?

Vietnam was where the U.S. media learned to shed the au-

By Robert Byrne

VICTOR Korchnoi beat Christopher Lutz in Round 8, at the open tournament in Wichern, Germany.
The most reliable branch of

the Richter-Rauzer Variation of the Sicilian Defense for Black is probably the one that begins with 8...h6: then 9 Bf6 Qf6 parts with the bishop-pair without getting clear compensation; 9 Bh4 loses a pawn to 9...Ne4; 9 Bi4 Bd7 10 Nc6 Bc6 11 f3 d5 12 Qe1 Bb4 13 a3 Ba5 14 Bd2 d4 has lately proven satisfactory for Black, Lutz chose the common 9 Be3. With 26...Rd8 and 27...f5,

then broke through with 28...b4!. Korchnoi won a pawn with 31...Rd3 32 Rd3 (32 cb? Rc1!)

Korchnoi gained ground, and

to avoid 50...Bf3 because of 51 that 66 Rh2 a3! will either Rg7 Og7 52 Rg7 Kg7 53 Nd4 queen a pawn or win a rook. Be4 54 b4 Kf6 55 Nb3 Bd5 56 And after 66 Kf2 Qf4 67 Ke1 Ne5 Bc4 57 Kf2 Ke5 58 Kg3

CHESS

TRIANGLE 8 Final Position

Rc2 33 Qc2 Nc2 34 Kc2, but the ensuing endgame was not to be won without surmounting problems.

Korchnoi missed the strong 42...h5! to be followed by 43...h4 to free his king and get his pawns closer to queening. Instead, he gave Lutz the chance to get his rooks into

White Latz

action after 42...f4 43 Rfe2 Bc6 path Korchnoi was taking him and fell into a beautiful finish. 44 Kc2 f3 45 gf Bf3 46 Re7.
On 50 Ke1, Korchnoi wanted
After 65...h2!, Lutz discovered Qg3 68 Rg3 h1/Q. Korchnoi would be a piece ahead. Lutz SKULIAN DEFENSE

włatie Latz

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Calvin Klein at his recently opened flagship store on Madison Avenue, his first freestanding shop in New York, which houses clothing and housewares.

Calvin Klein, Muse of Madison Avenue

By Suzy Menkes ational Herald Tribung

TEW YORK — The plate glass soars up two stories, flooding the store with light. The floor space is an elongated stretch, like the nave of a church, with pewlike wooden furniture punctuating the York stone

"I wasn't building a monument — I wanted a showcase for what is new and what is modern," insists Calvin Klein of

SHOP WATCH

the flagship store he opened last month on Madison Avenue.

His temple to modernism — a serene and airy space housing clothing and housewares - symbolizes the changes taking place in Manhattan's upscale shopping street as minimalist boutiques colonize

The arrival in September 1993 of Barneys - a store dedicated in its architecture, display and merchandise to clean, modern style - started the trend that will be reinforced in 1996 by shop openings by the Italians Giorgio Armani, Prada of Milan

But this is also a story about American blankets with surfaces waffled, basket- in the mid-1990s when the luxury shopping flame.

its European designer boutiques.

ondary DKNY line, as well as planning a retail flagship. Ralph Lauren is also committed to a makeover of his signature

Klein's first freestanding New York John Pawson — makes a striking statement with its deep windows and plain facade at the corner of Madison and 60th Street.

In a symbiotic relationship with what is on sale, the eye travels from the stone floor and concrete walls to the camel dresses and ay-beige scarves — both the setting and the goods using subtle differences of texture and tone.

Dabs of more definite color are tucked discreetly away on the mezzanine, where lingerie blushes from ivory through parchment to peach, while evening dresses dare full-blooded scarlet or rose pink.

But it is significant that just as the home store Crate & Barrel has sprouted and flourished on Madison Avenue, the soul of the Klein shop seems to be in the basement.

European designer boutiques. "Values change," says Klein to explain this new focus on subtle and costly items for a Madison Avenue store for her sec- for the home. "In the 1980s people bought clothes like crazy. Now there is this guilt thing — but luxury for the home is something you can share with family and

shop — designed by the British architect color tone a bronze tie with walnut-brown shirt, the home objects are as super-subtle Crate & Barrel with its pine paneling, sturas the speckles on the quail eggs laid on a crackle-glaze plate with a woven shawl as table cloth. Pillows are piled up, matte and shiny, duvets have just a tracery of sepia flowers and the light layers of neutral bed linens are designed to "dress the bed like we do, like Kelly does," Klein says, re- carriage trade.

when the edges of a throw are

designers displaying dash and confidence in an area that was known in the 1980s for from rain-soaked gray through purple. experience seems more about space and daylight (the level boosted and aided by computer-controlled spots) than elaborate decoration or fancy merchandise. Square pine seating by the artist Donald Judd and spare slate tables by the Italian designer AG Fronzoni furnish the tranquil atmo-

riends."

Klein's store is in the happening part of
Like the menswear, where nuances of Madison, where a Bally shoe store has recently opened and where crowds throng dy plates and bold glasses. Baccarat, the French company founded in 1764, has also opened a new store, giving a modern showcase to its traditional and contemporary glassware and reinforcing the message that home is where the art is for New York's

There is no doubt that those upscale clients are in flight from Fifth Avenue, LL this might sound precious or where the "mall-ization" of Manhattan's pretentious - especially as one-time premier shopping street balprices are sky-high — even ances the rise of Madison Avenue.

Madison gets Klein, the European-demachined rather than hand-rolled and ex- signer clan and their customers. Fifth Avpensive sheets are steam-packed in plastic enue has tourist tribes in jeans and baselike supermarket meat. (Queen-size linen ball caps thronging Warner's studio store sheets cost \$375 and a pair of pillowcases and the neighboring theme-park restau-Down the brutally plain stairway, is a new range of Calvin Klein housewares: beige Yet the store catches a fashion moment Tiffany struggling to keep alive the luxury

Flower-Power Jewelry

ARIS - She was an American voman with a penchant for flowers, a passion for fashion, an enthusiasm for travel and a keen understanding of modern times. That is why the fashion jewelry that Miriam Haskell created half a century ago has become collectible today.

A selling exhibition of Haskell's jewelry — bold glass-flower clips in vivid colors and delicate filigree metalwork with a burnished patina and seed beds of pearls - is currently on show in Paris at a Left Bank gallery.

Haskell died in 1981, and although the company she founded in the 1920s continues to operate in the United States, the exhibition covers Haskell's glory years from 1925 to 1955, when she, like Coco Chanel in France, recognized the need for inexpensive decorative pieces that were not just slavish paste copies of real

A hint of the exotic runs through the

puce-and-pink or citrus-yellow flower clips and the curling leaves and sinuous stamens in seed pearls.

In the 1940s, the jewelry became positively Oriental, with cascades of chains, droplets of ruby-red glass, shimmering opalescent pearls and a hand-bracelet set with stones suggesting Indian or Byzantine inspirations.

Archive sketches show how these strong pieces were worn in the 1930s and 1940s on the lapel or neck of plain suits and dresses. That makes them equally appropriate for today's fashion, says Carolle Thibaut-Pomerantz, the American-born specialist in decorative arts who has mounted this first Haskell retrospective in France and finds it a hit with European customers.

Miriam Haskell, Galerie Revillon d'Apreval, 23 Quai Voltaire, 75007 Paris, until Dec. 6.



'Swords Into Ploughshares': The Military Influence on Civilian Clothes

Valentino's camouflage-patterned ball style. gown hit the Paris

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fashion's take on military exhibition at the Costume In- ceptable zippered Eisenhower centuries.

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THE WORLD'S DAILY NEWSPAPER

The show is an exploration of and safari suits of Yves Saint changes in military dress. the crossover from service Laurent - the latter, like camdress to public life: fancy frog- ouflage, a legacy of the British ciate curator, explains, the ging decorating a woman's Empire, when uniforms were move from functional clothes jacket: designed to blend with a land- to fripperies was not just be-

There are the naval pea coats is fashion, it is also about the

As Harold Koda, the asso-

ational Herald Tribune runway, it was an arresting, Military Dress and the Civilian Victorian children and by Coco veloped quite differently from military kit. The braid that Sam Browne belts are accepted EW YORK — When even shocking, example of Wardrobe' is the title of an Chanel, and the universally ac- the heroic glamour of earlier started its career to deflect as fashion accessories with khasword blades from the chest. Although the show's focus later became the hierarchical whorls of gilt mocked by the lower orders as "scrambled

And silver ball buttons

that looked so decorative on women's riding habits were originally attached to battle dress as backup ammunition. As they lost their original functions, buttons and braid became part of military pomp and

circumstance and were ultimately reduced to the ceremonial style of toy-town sol-Some pieces of military tute's show would have ben-

shock or discomfort when they are trivialized as fashion — not least camouflage. Valentino's 1993 collection, shown at the time that United Nations peacekeepers were intervening in Bosnia, was badly received, and so was Ralph Lauren's Vietnam-inspired show even two decades after the war. By American designer Stephen Sprouse had no military res-

"Jackboots" or any suggestion of Nazi uniforms are con- peared on downtown Western sidered in dubious taste, but streets as a subversive and iron-

ki clothing.

As the exhibition proves, military inspiration is often just an excuse for trim tailoring, like Prada's buckled coat or Lauren's navy suits — both just a bugle echo of the real

But the genius of Ralph Lauren is that he creates a fantasy that is so convincing that when you juxtapose it with the authentic uniform, there is a sense that it belonged to some army," says Koda.

In fact, the Costume Insticlothing still have the power to efited from putting beside the designer creations the prints of gay hussars or colonial colonels that appear in the illustrated cat-

ND what about photographs showing how genuine uniforms bought from flea markets or army surplus contrast, the colorful camou-flage-patterned jacket by the as hip and cool since the

> A rash of greatcoats and Russian accessories — some genuine, others fake - has ap-

Cold War and the breakup of Communist regimes

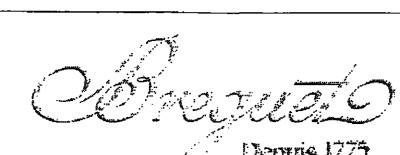
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The show features one dramatic example of its "Swords Into Ploughshares" theme: a deconstructed military tunic in boiled wool with sliced-off sleeves from Comme des Garcons for fall-winter 1994. The designer Rei Kawakubo showed an entire collection created from military uniforms, although she claimed that it was an aesthetic, rather

than a pacific statement. Most military clothing, like the "bomber" jacket (referring to World War II pilots' leather jacket), works its way into fashion consciousness without setting any agenda. The appeal of the trench coat or the leather storm trooper's coat is just as a classic and functional gar-

But urban paramilitary uniforms are also a feature of late 20th-century street style. This interesting exhibition might have concluded with the unsettling way that fashion seems to be reviewing military looks and beating ploughshares back

Suzy Menkes



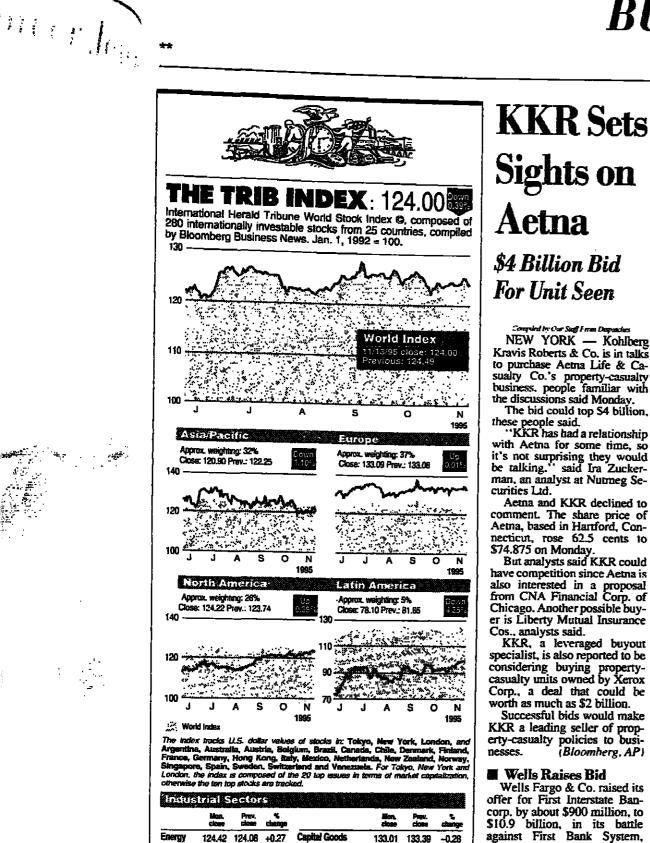
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KKR Sets Markets Breathe Sights on A Sigh of Relief Aetna

By Lawrence Malkin

NEW YORK - Reaslatest auction schedule to continue rolling over the natirement trust funds of gov-tion's debt. Wall Street heaved a collective sigh of Both Wall Street and relief Monday with default prices of bonds, stocks and the dollar steadied.

But the deeper consequences of the fiscal standoff between a Democratic president and a Republican Congress remained uncertain and left investors nervous both in the United States and abroad.

decades, the ability, capacity and willingness of the United States to honor its obligations was beyond doubt. That willingness now is in doubt."

Astrid Adolfson, a govern-'We always have assumed that this would be settled in some way, but there will be a remembrance of the way this was handled.''

vetoed a Republican bill that gress refused to raise unless would limit the flexibility of the government to borrow in

(Bloomherg, AP)

Reuters reported from San

The banking company's lat-

est bid would top the \$10.3 bil-

lion value of a transaction an-

nounced last week between

First Interstate and First Bank

Treasury disclosed its plans to raise enough cash to pay \$102 billion in principal and sured by the U.S. Treasury's interest coming due this week by borrowing from the re-

Washington had been fully no longer imminent, and the aware of the possibility of using these funds to juggle the government's books, but if continued for several months the procedure could be challenged in court by the funds' trustees.

Treasury Secretary Robert Rubin said last week he was reluctant to dip into them, but "Investors worry what on Wall Street his delay in will happen next time," said doing so was suspected to be Leo O'Neill, president of a method of ratcheting up the Standard & Poor's Corp., the pressure on Republicans, bond-rating concern. "For much like the White House's threat to close part of the govemment.

As financial markets opened Monday morning, the Treasury announced that during the next nine days the ment-finance specialist at government would auction MCM MoneyWatch, said, \$137 billion in bills and notes remment would auction ranging in maturity from three months to 10 years. This had the effect of giving the government more wiggle room in avoiding the \$4.9 As President Bill Clinton trillion debt ceiling that Con-

See DEBT, Page 14

Juppé Urges 'Bold' Step To Revise Health Care

Compiled by Our Staff From Dignach

PARIS - Prime Minister Alain Juppé of France on Monday promised sweeping reform of the country's deficit-ridden health-care program, conceding that measures to be taken would be unpopular but insisting they would be for the good of the nation.

'Let us be bold; the French people expect it," Mr. Juppé told the National Assembly at the start of a three-day debate on eliminating a four-year social-security deficit of 230 billion francs (\$47

The government wants to reassure financial markets and rein in spending before the planned European currency union in 1999, but talk of a tax increase has run into strong opposition from labor unions. A walkout on Tuesday was to affect about 50 percent of subway service in Paris and

Although Mr. Juppé was not scheduled to

announce the details of the government's plan until Wednesday, French officials acknowledged Monday that a new tax would be necessary to save the system from total collapse.

Mr. Juppé said his goal was to reduce the expected 1996 deficit of 60 billion francs by half and to eliminate the 1997 deficit completely.

According to some reports, the government, was planning an increase of about 1 percent in a special tax created in 1990 specifically to reduce! the social-security deficit. The tax, known as the generalized social contribution, or CSG, was: raised from 1.1 percent to 2.4 percent in 1993. Itcurrently brings about 95 billion francs annually."

into government coffers. "People have had enough," said Gerard Langier, a spokesman for the Confédération Générale du Travail labor union. "They'll see their purchasing power undermined even further," by a new rise in taxes.

(AP, AFP)

France Sets Pechiney Sale

PARIS - The French government will start offering shares in Pechiney SA on Tuesday through a preplacement operation, which allows individuals to make revocable applications for shares, the Finance Ministry said Monday.

The sale of 56 percent of the aluminum com-pany is expected to raise between 5 billion and 6 billion francs (\$1.02 billion to \$1.22 billion), a government spokesman said. About 36 million shares of Pechiney will be sold to the public, to institutions in France and in the United States and to current and former employees of Pechiney.

About 21 million shares will be sold by the state, and the other 15 million will be sold by the company, bringing it an increase in capital of

about 3.5 billion to 4 billion francs.

The government, which currently holds about 28 million shares of the company, will give the state-owned electric utility Electricité de France about 4 million shares, or a 5 percent stake in the company. An additional 3 million shares will be held by the state to be handed out later.

Institutional investors will be expected to pay a price of 187 to 215 francs a share in the privatization, the Finance Ministry said.

The public offering could be increased by 13 percent by taking shares back from the institutional offering, and banks handling the institutional offering could acquire as much as a further 12 percent of the institutional offering. the ministry said. (AFP, Bloomberg)

Wells Raises Bid Wells Fargo & Co. raised its New Sega Firm Will Develop Multiplayer Games

By John Markoff

New York Times Service SAN FRANCISCO — Sega Enterprises Ltd., one of the world's two leading video-game makers, said Monday it would create a software company to develop multiplayer games for

personal computers and Sega video-game machines.

The new computer games 1980s by producing more ap-would be accessible over the pealing games. Internet and could be joined simultaneously by players at sites across the United States or, in some cases, around the world. The video-game industry has

been dominated by Sega and Nintendo Co. since the two Japanese companies forced aside Atari Corp. in the mid- cel Partners, a venture capital to develop a class of games that computer business.

pealing games.

Sega's chairman, Okawa, said he wanted to locate the new company — to be called Sega Soft - in California to take advantage of what he perceived as America's en-

trepreneurial business climate. Sega is allying itself with Ac-

companies that take advantage or game-machine screens. of new markets more quickly than their larger competitors.

Sega Soft, which will be independent from Sega and will have outside investors when it begins operations in December

firm in San Francisco, to tap into would permit people to compete Silicon Valley's ability to create interactively on their computer

It will be run by Nobee Mii, a former International Business Machines Corp. executive who; ieft IBM three months ago to ioin Accel Parmers, Mr. Mii is credited with leading the develwith a staff of 250, is planning opment of IBM's notebook;

Thinking Ahead /Commentary

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America's Hidden Economic Miracle

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By Reginald Dale International Herald Tribune

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WASHINGTON - America's comeback as No. 1 in the world economy is it a competitive advantage on a broad increasingly obvious. Numerous surveys front. Software has begun to replace maput the United States ahead of Japan and chines and robots as the dominant el-Germany as the world's most competitive ement in manufacturing, writes François nation.

But most Americans are unaware of just how big a lead they are opening up over their Asian and European rivals in the race to compete in the global economy of the 21st century.

Many of the areas where the United States has the edge, especially information and communications technology, are difficult if not impossible to assess by traditional economic measures. The new American industrial revolution of the past ten years has taken place at least partly in the dark.

At a conference organized by the National Policy Forum in Washington last month. Thomas H. Lipscomb, chief executive officer of Infosafe Systems Inc., said that while Washington officials still seemed to think an information- and knowledge-based economy lay somewhere ahead. "we are already up to our

There are plenty of clues as to what is happening. Already, Mr. Lipscomb said, more than 50 percent of American workers are officially classified as "knowledge" workers.

Information flows and the products needed to carry them have become the largest single sources of U.S. foreign

originates in the United States.

America's technological lead is giving Sicart, chairman of Tocqueville Asset Management, in a recent newsletter.

As a result, he says, "leadership in the

Official figures understate the huge productivity gains in the U.S. service sector.

development and use of computers, software and communications technology is helping the United States to leapfrog its competition and seize back the global

lead in manufacturing." But the government agencies that measure the economy's performance are still gathering and publishing statistics developed to measure the output, productivity and trade of a 19th century economy.

The United States has progressed further than any of its rivals towards a modem service-based economy. But official figures do not reflect the huge increases in productivity that have been achieved in service sectors such as banking, retailing and telecommunications.

Software exports are vastly underes-

currency income, and 85 percent of the digital information in international trade only the values of the instruction manual and the blank diskette are recorded.

More accurate economic analysis alone might entirely eliminate the U.S. trade deficit, Mr. Sicart says.

The consequences of this veiled American economic miracle are far-reaching. Mr. Sicart believes there should be a dramatic reappraisal of U.S. economic performance, "and with it a no less dramatic re-evaluation of the U.S. dollar."

For the high-technology executives at the Washington conference, the question is how to keep America No. 1 as the center of economic gravity shifts to Asia. While today 46 percent of the world's electronic goods are consumed in the United States, in 50 years that figure may only be 5 percent. Dominance of the American

market will not be nearly enough. That means, says Robert C. DeHaven, chairman of the American Electronics Association, that U.S. companies must forge partnerships around the world, even with companies that are now competitors.

The U.S. government must push ahead with negotiating free-trade arrangements that include key elements for business such as standards, rules of origin and the protection of intellectual property.

What is required more broadly is an understanding that wealth in the 21st century will not be created in the same way as was in the 19th and 20th centuries. Information and intelligence will be the raw materials of future progress, just as



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Nov. 13 Eurocurrency Deposits 19731 — Coned " 1893 2 2.5729 7.519" 77.507 — 1,009.40 1,5973 1,009.40 1,5973 1,009.40 | 0.007 | 43665 | 1,203 | 1,4031 | 1,963 | 1,1971 | 1,2032 | 2,035 | 10,635 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 1,035 | 3% - 4 0.633 0.3854 71.24 70.67 0.633 62.0 1960 Costs 1 1 0.60% 0.733 0.0747 9.7185 12165 1 1 1.972 6.475 2.790.10 2.971 38.50 1 7.1172 7.3278 2.390.10 2.3753 6.3536 1 1502 131567 1.7958 161.682 1,7671 15135 28233 18306 **Key Money Rates** Volted States 64. 64. 64. 64. 64. 7.83 674 674 670 670 678 7,86 Federal funds 3-month CDs Other Dollar Values S. Afr. road S. Kor. won Swed. Irona Takens Thei boht Torkish ira Venez, bolot 3.6345 768.60 6.6461 27.20 25.13 51669, 3.6710 5.00 5.00 54 61% 6.00 64% 6.00 64% 55% 6.00 7.13 7.17 135.36 3-L57 2284.50 0.6233 3.0196 ப 26.24 5.4617 **Forward Rates** 1,5618 1,3505 1,4020



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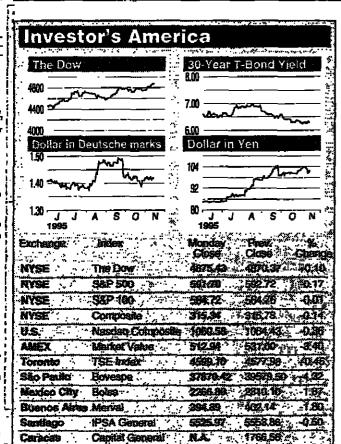
The master watchmaker,

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Very briefly:

* Berkshire Hathaway Inc.'s third-quarter profit rose 17 percent, to \$129.3 million, as gains at insurance operations were partly offset by lower results at its shoe and encyclopedia units. IMC Global Inc. will buy Vigoro Corp. for \$1.18 billion in stock in a bid to become more competitive internationally.

General Electric Capital Corp., a unit of General Electric Co., agreed to buy Union Fidelity Life Insurance Co., a unit of Aon Corp., for about \$400 million.

 Apple Computer Inc. exercised a warrant to buy 2 million shares, or a 5.1 percent stake, in America Online Inc. for a small fraction of its \$161.5 million market value.

Weekend Box Office

The Associated Press

LOS ANGELES — "Ace Ventura When Nature Calls" dominated the U.S. box office over the weekend, with a gross of \$40.3 million. Following are the Top 10 moneymakers, based on Friday's ticket sales and estimated sales for Saturday and Sun-

1. Ace Ventura When Nature Calls 2. Get Shorty 3. Copycat 4. Powder 5. Home for the Holidays 6. Now and Then 7. Seven 8. Fair Game	(Warner Bros.) (United Artists) (Warner Bros.) (Hollywood Pictures) (Paramount) (New Line Chema) (New Line Gnema) (Warner Bros.)
9. Vampire in Brooklyn	(Paramount)
10, Gold Digges: The Secerci Bear Mountain	(Universal)

IBM Sees a Network-Based Future

By Mitchell Martin ad Herald Tribune

LAS VEGAS — Louis V. Gerstner Jr., the chairman of International Business Machines Corp., on Monday joined the camp of computer industry executives predicting the eclipse of personal computers by easyto-use network-based systems, along the lines of pay television.

Presenting the opening address to the annual Comdex computer trade show, Mr. Gerstner described a "network-centric" world in which users would tap into information kept on central servers and delivered to their homes and offices by such means as telephone and cable television lines. Many consumers would abandon personal computers for devices that are designed to tap into networks, although others would continue to do their own

programming and processing.

With improving communications, Mr. Gerstner said, "Why not migrate a lot of the function that currently resides inside the PC to the network?" This would include the actual programs people use, their stored data and some of the processing now

done by chips in computers. "Frankly, I think few end users - particularly consumers -- care where the processing storage, data movement and all that stuff takes place," Mr. Gerstner said. As long as the information is compelling and easy to use, he said, consumers would opt for

the least expensive method of computing. Mr. Gerstner's view is similar to the ideas presented in September by Lawrence Ellison, the chairman of Oracle Corp., the second-largest maker of computer programs. It has been partly rebutted by Bill Gates, chairman of the largest software company, Microsoft Corp. If networkbased computing does become the standard, it would eat into the dominance of

Microsoft in the areas of operating systems recent months. Its \$3.3 billion takeover of Mr. Clinton agreed to some of and applications programs.

Mr. Gerstner said people would be able to buy programs and upgrades directly from the networks, rather than from software companies, and compatibility with their hardware would be assured. He said consumers would be able to give up buying "a whole shelf full of applications, swapping dozens of diskettes in and out and repeating this delightful task each time that version 2.5 dot dot 4:3 comes out."

Oracle, which specializes in database programs that would be useful in setting up computer networks, has predicted that most people would gain access to information with "video appliances" costing about \$500. Mr. Gares, by contrast, has said he thinks most people will want to control their own programming and will continue to buy software for use on full-fledged personal computers, although he also has said he thinks improved communications would lead to interactive network-based systems.

In what could be seen as a swipe at Microsoft, Mr. Gerstner said, "We at IBM know all too well that those who dominate one phase of computing are not necessarily the ones to lead the way in the next phase.

"In fact, if you think about it, they are

the least likely to accelerate the transition. It is in their best interests to maintain the status quo for as long as possible.
"We certainly tried to do that in the mainframe era, and as we found out, when

the industry moves to the next phase, the

current leader doesn't always have the right skills to lead in the next one." Mr. Gerstner said network-based computing would require abilities such as nerwork and system management, transaction processing, massive databases and systems

ally has been strong. IBM has been focusing on networks in

Lotus Development Corp., which was its pet proposals. launched in June, was seen as a key element in this area. IBM said it was primarily interested in Lotus's Notes program, which allows communications across networks. This means, for example, that workers in different countries could work on the same documents.

The Lotus purchase was part of a struggle between IBM and Microsoft. Microsoft had developed the original operating system for IBM's personal computers, known as DOS, which stands for disk operating system.

The companies were jointly working on its successor, called OS/2, but Microsoft broke away in 1990 to develop its Windows operating system, which has become the industry standard.

IBM has continued to develop OS/2, which has a devoted but narrow following and is considered by some people to be technologically superior to Windows, although its attempts have been half-hearted in recent months. When it bought Lotus, Mr. Gerstner said IBM's interest had 'nothing to do" with OS/2, even though Lotus is the only major company that writes programs compatible with that system.

As many as 225,000 people are expected to attend the Comdex show this year, including about 35,000 from outside the United States, the Las Vegas Review-Journal reported.

This is the first year that the show has been owned by Softbank Corp., the Japanese company that bought the Comdex business from Interface Group for \$862 million in April.

Softbank last week bought Ziff-Davis Publishing Co., which has a stable of comintegration, areas in which IBM traditionputer magazines and provides electronic information via on-line services and the In-

DEBT: U.S. Markets Reassured

term effect. Continued from Page 13

And the second second

relentless rise in interest rates as fears of default mounted. Demand revived for the bellwether 30-year Treasury bond. lifting the price to 107 31/32, up 25/ 32, at the close. The yield fell to 6.28 percent from 6.34 per-

That heartened the stock market. The Dow Jones industrial average wiped away an

U.S. STOCKS

early loss of more than 20 points to close in positive territory. The dollar also rallied quickly in New York and London because the Treasury move interest. damped fears that foreigners would dump their bonds.

"This was more theoretical than actual," said William Griggs of Griggs & Santow. 1 government-securities consulting firm. He said foreigners were taking profits from swings in Treasury prices but were not bailing out of the world's largest and most liquid money market because "where else would they go?"

But this market is likely to remain both tender and volatile for some time, said Roger Kubarych of Henry Kaufman & Co., a leading money-management firm.

Our foreign clients are not as nervous as our domestic clients," he said. "But no one knows which way to jump. If they go into cash and the market rallies, they are chumps, and if they stay in bonds and the market falls, they also are chumps. So they sit still and wait, and there is a sense of suspended animation. The big danger is that there will be a reaction to some development, and everyone will move in the same di-

rection at once." Another major market participant, the billionaire investor George Soros, was suspected of using prestige and financial clout to profit from this volatility for his funds. His chief trader, Stanley Druckenmiller, has been outspoken in arguing that treated 5 to 84% after gaining 7 a default would have no long- percent last week.

Over the weekend, Mr. Druckenmiller publicly advised the U.S. House of Rep-Bond prices quickly firmed, resentatives speaker, Newt stopping last week's slow but Gingrich, that damage to U.S. creditworthiness was "absurd" because he dealt regularly in Argentine and Brazilian debt when these countries had

defaulted only a decade ago. Many on Wall Street found this argument absurd. "Great powers don't default on their debts if they want to remain great powers," said Neal Soss, a hedge-fund manager and former Federal Reserve official.

But Ms. Adolfson noted that the Soros funds seemed to be selling into rallies that were in part sparked by Mr. Druckenmiller's own statements, which she regarded as a conflict of

Pravin Banker, a former intemational Business Machines Corp. financial official who runs his own bond-consulting firm, raised the issue in his daily newsletter. Calls to Mr. Druckenmiller requesting elaboration were not returned.

■ U.S. Stocks Are Mixed Shares closed mixed as investors, concerned that the Federal Reserve would put off lowering interest rates until next year, dumped technology, financial and economically sensitive companies for consumerproduct shares, Bloomberg Business News reported.

Advances by consumerproducts companies such as Coca-Cola and Procter & Gamble helped the Dow Jones industrial average rise 2.53 points to close at 4, 872.90, its fourth straight record and its 56th new high this year. But declining issues led advancers by more than 4 to 3.

"When there is a potential for higher interest rates, technology and cyclicals are more sensitive," said Alan Bond, chief investment officer at Bond Procope Capital Management, a New York-based investment firm.

Intel dropped 1 1/8 to 67 1/8, and Applied Materials fell 2 to 49%. Among other technology stocks, Sun Microsystems re-

Dollar Rises on Debt-Payment Moves

NEW YORK - The dollar rose Monday after news that the U.S. Treasury would sell short-term paper to fund debt payments due Wednesday, dealers and an-

The government said it would also borrow from retirement trust funds of government employees. The dollar closed at 1.4180 Deutsche

The Treasury announcement helped the

Bill Clinton vetoed legislation to extend the federal debt ceiling.

But MMS International said uncertainty about the budget process persisted, al-though fears of a default Wednesday

FOREIGN EXCHANGE had receded rapidly in the wake of the

Treasury announcement.

marks, up from 1.4175 DM Friday, and at David Munro, an analyst at High Fre-101.90 yen, up from 100.90 yen. markets would continue to be highly sen- mittee is not expected to change interest dollar erase losses made after President sitive to developments in the budget dis- rates amid the budget turmoil.

Against other currencies, the dollar

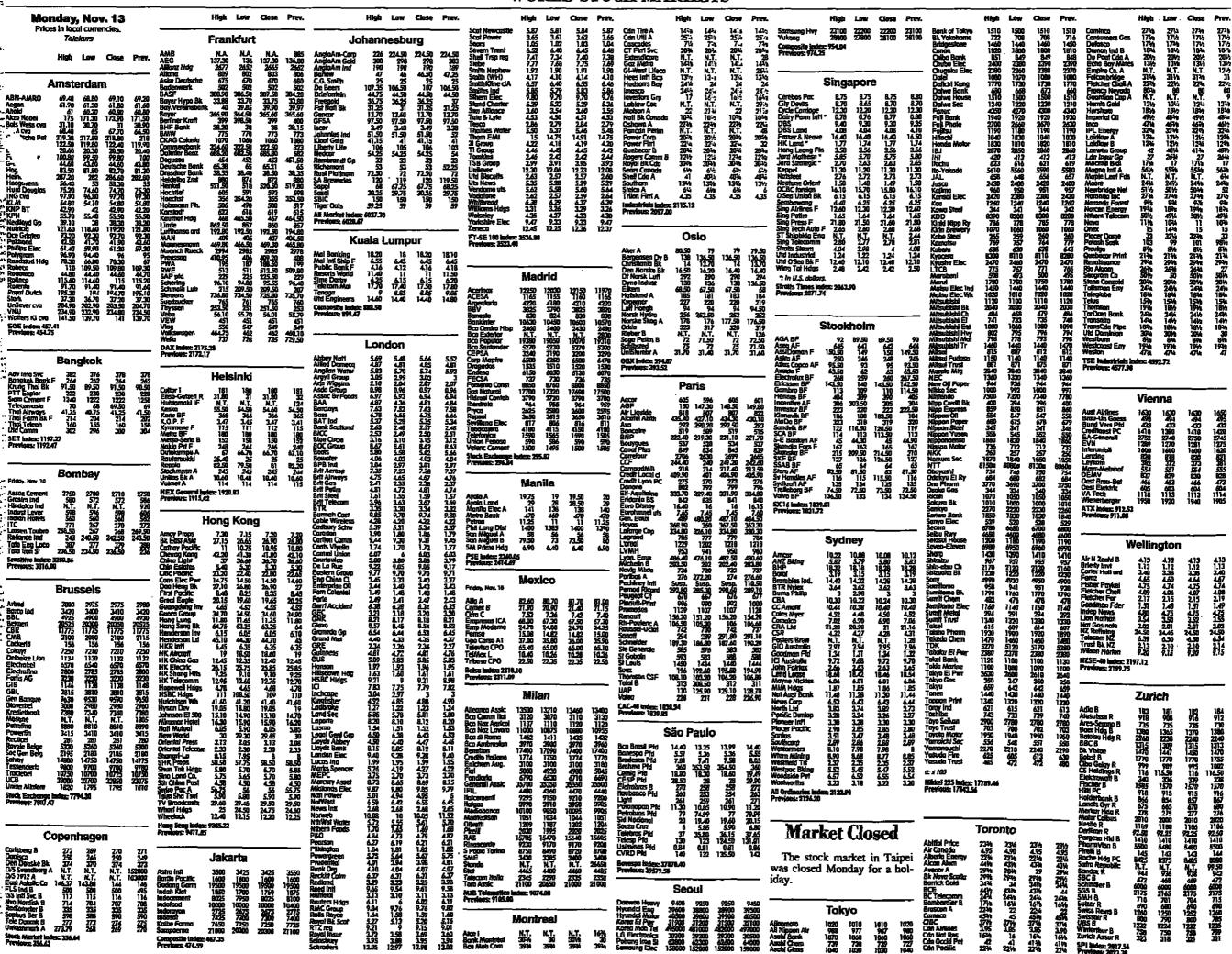
closed at 1.1423 Swiss francs, up from 1.1396, and at 4.8890 French francs, up from 4.8835. The pound fell to \$1.5530 from \$1.5660.

pute, but he added that the possibility of a

default was now "very minimal."

Dealers said uncertainty about the budget and debt ceiling overshadowed meetings this week of the Federal Open Market Committee and the Bundesbank central quency Economics, said foreign-exchange council. The Fed's policy-making com-

WORLD STOCK MARKETS



EUROPE

Saab Auto Posts **3d-Quarter Loss On Strong Krona**

Compiled by Our Staff Prom Disposel STOCKHOLM — Saab Automobile AB, stung by the effects of a stronger krona and increased competition in the luxury-car market, said Monday it had a pretax loss in the third quarter.

As the carmaker reported a loss of 322 million kronor (\$48.4 million) for the quarter, executives said they could not say whether it would return to profit in the fourth period.

Saab Auto, owned equally by Investor AB, a Swedish holding company, and General Motors Corp., posted a pretax profit of 144 million kronor for the third

Strong Demand And Higher Prices Buoy British Steel

Bloomberg Business News LONDON - British Steel PLC said Monday its first-half pretax profit more than tripled to a record £550 million (\$858 million) as both demand and

prices for steel rose. Britain's largest steelmaker quarter or full year," a spokessaid it benefited from surges in man, Olle Axelson, said. economic growth in the United States and Europe in the six months ended Sept. 30, although it warned that steel demand would be "less strong"

in the second half. pay an interim dividend of 3 to kronor. pence a share, compared with 2 pence last year. The payout, like the profit figure, was at the

high end of estimates. Analysts had forecast pretax profit of £450 million to £550 million, compared with £159 million a year earlier.

Concern over steel prices has cut the value of British Steel shares by 16 percent since they hit a record high of 188.5 pence on Sept. 18. The shares closed at 159 Monday, up 2.5.

British Steel said demand percent from 5.4 percent. was weakening in the current quarter because of oversupply and that steel demand in the strong than in the first half."

Monday's 4 p.m. Close The top 300 most-active shares, up to the closing on Wall Street.

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 quarter of 1994 and a profit of 84 million kronor for the secood quarter of 1995.

Third-quarter revenue fell 8.8 percent, to 3.93 billion kronor from 4.31 billion.

The company said car sales rose 16 percent in the quarter, to 76,500 units. Europe was the strongest market, followed by North America.

'Compared with last year, we have been negatively affected by the krona's strengthening against currencies in our main export markets," said Saab's chief executive, Keith Butler-Wheelhouse.

"On top of that, we have also been faced with increased competition, which has led to adjustment of prices and higher marketing costs," he said.

Although the fourth quarter is traditionally strong for Saab Auto, and the company expects fourth-quarter performance to be "considerably better" than in the third, a spokesman said Saab Auto was unsure it would be able to return to profit.

"Right now we don't know where the dollar is going, and can't comment on whether we will show a profit in the fourth

The krona has soared 12 percent against the dollar in 1995. The strong krona makes Swedish goods more expensive in foreign markets and decreasthe second half.

The company said it would abroad when translated back in-

> The earnings figures mean the company will have to "invest heavily to raise volumes in the long-term," Mr. Axelson said.

In the first nine months of 1995, Saab Auto had a pretax loss of 127 million kronor, compared with a profit of 284 million kronor, while sales rose 14 percent, to 14.92 billion kronor.

Operating profit fell to 313 million kronor from 704 million kronor, bringing the company's operating margin down to 2.1

The Saab 900 series accounted for 64 percent of third-quarter sales, or some 49,100 units. second was expected to be "less About 27,500 Saab 9000s were sold. (Bloomberg, AFP)

Sales_ High Law Latest Chae "

New Consortium Courts Belgacom

SINGAPORE - Singapore Telecommunications Ltd. said Monday that it and Tele Danmark AS had joined Ameritech Corp. of the United States to bid for 49 percent of Belgacom SA, the state-owned Belgian telephone monopoly.

mobile telephone network, and Fininvest SpA of Italy said it was in talks with British Telecom PLC and Cable & Wirethird cellular phone company.

The new joint bid for the Belgian company by three telecommunications companies comes a month after British Telecommunications PLC and Bell Atlantic Corp. withdrew their bid for a 25 percent stake on the ground that it did not provide an adequate return on invest-

They had sought more control over Belgacom's business services operation to tie it in with Concert, the global business telecommunications joint venture between British Telecommunications and MCI Corp.

That left only Ameritech and a second group contending for a 25 percent stake. The other group comprises PTT Nederland NV and Swiss Telecom.

Singapore Telecom's interest in bidding for European telecommunications licenses is increasing. Last month, the company announced that it was bidding for the 30 percent of Telecom Ireland that had been

PARIS — Euro Disney SCA is expected

to announce the first profitable year in its three-year history, analysts said Monday.

Analysts said the theme-park operator would report net profit Wednesday of 20

million to 150 million francs (\$4.1 million to

\$30.8 million) for the year ended Sept. 30.

put up for sale by the Irish government. British Telecommunications is also understood to be bidding for that stake. Michael Hepher, group managing director for BT, declined to comment.

Singapore Telecom also owns stakes in two British cable TV companies, York-In two other developments Monday. shire Cable PLC and Cambridge Cable award the license early in 1997, sources the German government said it was con-sidering issuing a license for a fourth said Ameritech's initial bid would be erator would probably not be fully oprejected unless it was raised.

Mr. Hepher said British Telecommunications would not change its mind unless PLC about putting together Italy's less the Belgian government improved its ommercial terms.

"If they ever came back and made a very much more attractive offer to us, then presumably anything's possible, but there are no discussions going on," said Mr. Hepher. "We have walked away, and

The Belgian government aims to sell as much as 49 percent of Belgacom, which off a license for a cellular network to was valued at \$5.6 billion by the govemment last year.

Belgium is hoping to find a strong ally for the telephone monopoly by the end of the year, with an eye to the 1998 deadline course we are interested," said Mr. Confor allowing competition in the European telecommunications market.

many, a spokesman for the Post Ministry said that there were "considerations at the moment, but there has been no decision yet."

The weekly magazine Focus reported in its latest edition that the government

Euro Disney Due to Post Full-Year Profit

til 1996 on interest payments on 15.1 billion

francs of debt, reduced leasing charges and

It was still unclear whether only one or more new licenses would be awarded.

The government is aiming to call for bids on a new license early in 1996 to erational throughout Germany until the end of the decade.

Industry sources said the government had come under pressure from RWE AG and VIAG AG to issue at least one new

As for the Fininvest talks with British Telecom and Cable & Wireless, Fininvest President Fedele Confalonieri confirmed that his company had recently held separate talks with both companies.

The Italian government will auction compete with Telecom Italia Mobile SpA and Olivetti SpA's Omnitel next year. "If there is a possibility to operate

falonieri. Fininvest would bid for the license in Regarding the possible launch of a conjunction with either Cable & Wireless fourth mobile telephone network in Geror British Telecom and other partners. financial advisers said.

Fininvest plans to sell about 40 percent of its stake in Mediaset SpA, a television company, by June 1996. The offering is expected to raise as much as \$2 billion. (Reuters, Bloomberg)

He estimates about 9.5 million visitors

went to Disneyland Paris in 1994-95, up

predicts 10.6 million visitors next year.

London FTSE 100 index DAX CAC 40 2300 ---2220-2140-44 3000 J J A S O N 1700 J J A S O N Exchange Monday Prev. Close Change Close EOE 457.41 454,75 +0.55 Princole Stock Exchange 7,794.30 7,807.47 -0,17 Frankfurt DAX 2,175.28 2,172.17 +0.14 Copenhagen Stock Market 356.64 +0.01 Heisinki 1,915,42 HEX General 1,920.83 +0.28 394.67 393.52 +0.14 FTSE 100 3,523,40 London 3.536.60 +0.38 Stock Exchange 295,87 296,84 -0.33 MIBTEL 9,074.00 9,105.00 -0,34 Parts 1,839.82 -0.00 SX 16 1,831.72 +0.40 ATX 912.53 911.08 +0.16 Zurich SPI 2,017.56 2,023.30 -0.28

Investor's Europe

Very briefly:

Sparekassen Bikuben AS and GiroBank AS, which are planning to merge, reported nine-month pretax profits of 786 million kroner (\$143 million) and 524 million Danish kroner, respectively. GiroBank posted a loss of 717 million-kroner a year ago; comparable figures for Sparekassen were not available.

 Telefónica de España SA's nine-month net profit rose 16 percent from a year earlier, to 100.39 billion pesetas (\$824 million), as sales rose 15 percent, to 1.30 trillion pesetas.

 Argentaria Corp. Bancaria de España is bidding 3,300 pesetas a share for the 31 percent of Banco Exterior de España SA that it does not already own.

loss of 1.8 billion francs in its previous post "a greatly diminished loss from op-financial year.

The 1995 result will reflect a financial dance, said David Klein, an analyst with • Ferruzzi Finanziaria SpA has reduced the amount it plans to raise in a rights offering early next year by 7 percent, to a maximum of 959 billion lire (\$602 million).

Schering AG's nine-month net profit fell 18 percent, to 172 million Deutsche marks (\$122 million), partly because its X-ray drug had to be withdrawn from the market. The company also said

Adidas AG priced its initial public offering of 27.3 million shares at 68 DM a share to try to raise 1.86 billion DM.

it would not pay a bonus dividend for 1995.

 Kværner A/S, Europe's largest shipbuilder, said pretax profit rose to 1.93 billion Norwegian kroner (\$309 million) in the first nine months of the year from 1.17 billion kroner a year earlier as a one-time gain from the sale of its gas-shipping unit offset weak results from engineering and paper-making machines

General Cable PLC posted a pretax loss of £15 million (\$24 million) for the first nine months, reversing a loss of £12.9 million a year earlier, as costs for replacing equipment and continued building of the cable network outweighed a 64 percent increase in sales, to £22.4 million.

 British Airports Authority PLC's pretax profit rose 11 per cent in the first half from a year earlier, to £294 million, helped by an increase in passenger traffic and strong retail sales. Reuters. Bloomberg, AFX, AFP

In three years of operation, Euro Disney, Although the reduction in interest pay-Analysts said the gain was held down by operator of Disneyland Paris, has piled up ments and royalties is the main reason for a drop in Paris tourism and France's poor losses of 7.33 billion francs, including a profit this year, the company is expected to economic outlook.

restructuring that includes a moratorium un- Natwest Securities in Paris.

reduced royalty payments to Walt Disney from 8.3 million in the previous year, and Co., Euro Disney's parent company. from 8.3 million in the previous year, and predicts 10.6 million visitors next year.

Canal Plus Puts Carolco Stake at 'Zero

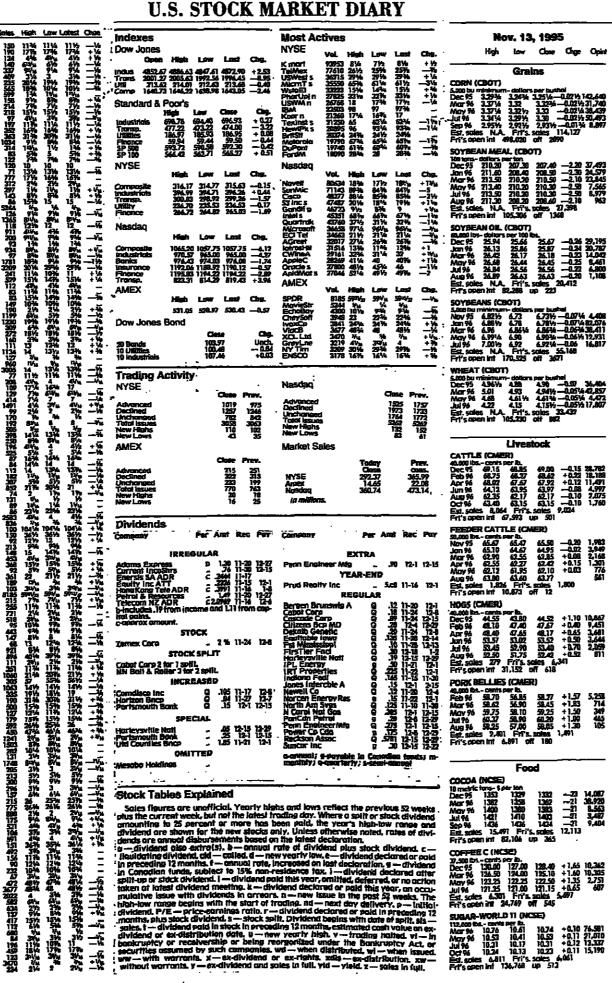
PARIS — France's Studio Canal Plus, which has a minority stake in Hollywood's Carolco Pictures Inc., said Monday it would neither gain nor lose from Carolco's planned sale of the bulk of its assets to Twentieth Century-Fox Film Corp. in a bankruptcy sale.

'Our stake in Carolco is worth zero," said Brahim Chouia, financial and administrative director of Studio Canal Plus, rope's largest pay-television company, "and will continue to be worth zero." Canal Plus, holds a 17 percent stake in "and will continue to be worth zero."

and other blockbuster films, said Friday call" and "Cliffhanger. it had agreed to sell the assets to Twentieth Century-Fox, the motion-picture unit of News Corp., for about \$50 million as part of a bankruptcy court filing.
Studio Canal Plus, a subsidiary of Eu-

Carolco Pictures Inc., the maker of Carolco, which has produced Hollywood Arnold Schwarzenegger's "Terminator hits such as "Basic Instinct," "Total Re-

But Carolco's failure to control costs compelled Studio Canal Plus to make a provision of 120 million francs (\$24 million) last year to cover losses incurred from its stake in Carolco.



INTERNATIONAL FUTURES 15,000 (ba - cents per la. Jon 96 123.25 121.90 122.90 Mor 96 125.40 124.20 125.15 Mory 96 127.70 126.50 127.45 Jul 96 129.70 129.50 129.45 Est. solles N.A. Fri's soles Fri's open int 26,474 off 52 ITALIAN COURS | 102.58 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.56 | 102.5 + 6.35 Opint GOLD ONCARY, 1987 per troy oz. Nov 95 387.20 - Dec 95 390.70 387.20 388.10 - Jen 96 389.20 - Jen 96 389.20 - Jen 96 389.20 389.2 Fri's open fat 142,976 up 2214

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Jakarta Gets the IPO Jitters PT Telkom Share Sale Is Scaled Back

JAKARTA — PT Telkom on Monday slashed Inc., Merrill Lynch & Co. and SBC Warburg, a the size of its initial public offering 36 percent to unit of Swiss Bank Corp., are the underwriters \$1.59 billion as investors balked at the price of

the Indonesian telephone company's shares. The sale, the largest in Indonesia's history, met with opposition as investors become disillusioned with emerging markets, analysts said.

The state-owned phone company, whose full name is PT Telekomunikasi Indonesia, had planned to raise about \$2.5 billion.

"No one wants to put money in Asian markets now." said Allan Conway, director of overseas equities for Hermes Pensions Management Ltd. in London, with \$28 billion in assets.

PT Telkom sold 1.77 billion shares to investors at 2,050 rupiah (90 cents) a share. The company is selling 1.17 billion shares in Indonesia and the rest overseas in the form of 30 million American depositary receipts, each equivalent to 20 ordinary shares, at \$18 each. The sale represents 19 percent of the com-

pany. PT Telkom may sell as many as 100 million more shares to meet investor demand. That would raise private investors' holdings to 20 percent of the company. The company plans to use proceeds from the

sale to invest in its capital-expenditure program and for working capital, according to filings with the U.S. Securities and Exchange Commission. PT Telkom cut the size of its overseas stock sale, leaving the domestic portion unchanged. The company originally intended to sell 70 million ADRs, priced at \$19.50 to \$24.50 apiece. arranging the global sale.

PT Telkom's reduction of the sale comes as Indonesia's stock market declines on investor concern about new issues and the value of the rupiah. The Jakarta index fell 1.53 percent Monday after tumbling 4.4 percent in the past week. Of the six initial stock offerings on the Jakarta market since September, four are trading below their offering prices.

"What we have seen in the last couple of weeks is a breakdown in confidence" in the economies of Southeast Asia, said Christian Takushi, a senior portfolio manager at Bank Leu Asset Management Asia Pte. in Singapore.

PT Tambang Timah, for example, has fallen 7.7 percent since its initial public offering last month. The company is the largest tin producer in the world, and its stock has closed above its initial offering price only three times since the sale.

The success or failure of the Telkom offering is likely to have a big impact on the price of future sales, analysts and brokers said. After the poor performance of Timah shares, they said, the government did not want to risk another disappointment by pricing Telkom too high.

A dealer with a foreign brokerage concern said the government's decision to cut Telkom's international sale meant it would be "hard to call this a successful IPO" but added, "At least at this price, the share price will move up.

(Bloomberg, Reulers, AFX)

Hainan Airlines Shareholders Clear Purchase of Stake by Soros Fund

BELJING --- Shareholders of lainan Airlines have approved nvestment, a fund partly con- terms to Chinese travel agents. rolled by the financier George ompany for \$25 million, oficials said Monday.

Mr. Soros has bought 00.040.001 shares, or a quarer of the total, in the airline run China's southernmost rovince, airline officials said.

ock to a foreign investor. nd is owned by Phoenix In-rently worth \$0.18, it said.

The purchase marks the first

formation Systems and the Chatterjee Group. Phoenix has a joint venture with Hainan Airplan by American Aviation lines to provide reservation sys-

The joint-stock company of oros, to buy a quarter of the Hainan Airlines, whose name will be unchanged, will have a total of 400,160,001 shares, of which 4 percent will be owned by the government, 56 percent will be in the form of corporate shares, and 15 percent will be owned by individuals.

The purchase was approved me a Chinese airline has sold at a meeting of shareholders in the provincial capital of Hainan American Aviation is a fund on Sunday, the Xinhua news artly controlled by Mr. Soros agency said. Each share is cur-

An airline spokesman refused to comment, saying only that the sale still needed approval from the China Securities Regulatory Commission and other state bodies.

The deal is expected to be closely watched for signs of an easing of a ban on foreign equity in China's rapidly growing air-

With China's economy growing at about 10 percent, China's airlines are expected to purchase 1,300 aircraft in the next 20

Hainan Airlines operates seven aircraft and flies to 21 Chinese cities from its base in the Hainan capital of Haikou.

KFC's Closing In India Makes **Investors Wary**

BOMBAY — The closing of Kentucky Fried Chicken Corp.'s restaurant in New Delhi by the municipal government has dealt a fresh psychological blow to foreign investors in

While many investors see India as a major market for a host of products from comflakes to computers, many overseas companies are trying to keep a low profile in what is expected to be a politically charged period leading to national elections

Kentucky Fried Chicken, a unit of PepsiCo Inc., had been criticized by the Bharatiya Janata Party, India's main opposition party, which has also been critical of other foreign

companies in India.
"The signal is extremely negative, and it reverberates around the world," said Pradip Shah, chairman of Indocean Venture Advisors, which invests funds in India on behalf of the financier George Soros. "This is part of some political or ego game. The impression is that India is a riskier place to invest."

The municipal government ordered a Kentucky Fried Chicken outlet in a New Delhi suburb closed Sunday, alleging sanitation violations after two flies were found in the kitchen. On Monday, Delhi's high court refused to grant a request by Kentucky Fried Chicken to reopen the 100-seat restaurant.

India opened its long-protected economy four years ago. encouraging investment in infrastructure and technology as well as dismantling barriers that had prevented access to its market of 900 million people.

As the reforms of P.V. Narasimha Rao's government took

effect, investors who had long steered clear of India began

Many foreign investors said Monday they were resigned to a period of political rhetoric in which certain foreign-funded projects would become targets. 'Until the polls, the multinationals may face the flak,"

said S.M. Datta, chairman of Hindustan Lever, part of the Unilever Group.

While supporting economic reform as the only way of revitalizing India's economy, the Bharatiya Janata Party has said that foreign investment should be limited to areas that bring in new technology. (Reuters, Bloomberg)

Labor Action Looms at CRA

Bloomberg Business News

SYDNEY — Australia's main labor organization has threatened nationwide action against CRA Ltd. to protest the introduction of

nonunion contracts at the mining company.

A spokesman for the Australian Council of Trade Unions said it would announce by Wednesday how it planned to disrupt operations

of CRA, which is 49 percent owned by RTZ Corp. of Britain.

At the center of the dispute are 75 striking employees of the Weipa bauxite operation in North Queensland owned by a CRA subsidiary, Comalco Ltd., who say the company pays colleagues with individual contracts as much as 20,000 Australian dollars (\$14,770) a year more than union members doing the same work.

U.S. Warns China on **Trade Bars**

Bloomners Business News HONG KONG - China is imposing barriers to trade and investment that move it even further from meeting conditions for joining the World Trade Organization and may make it politically difficult for the U.S. government to oppose retaliatory actions, an American trade official said Monday.

"China must stop erecting new barriers, initiating policies that move it away from membership in the WTO," the deputy U.S. trade representative, Charlene Barshefsky, said she told Chinese officials during a visit to Beijing last week.

Those policies, she said, include discriminating against foreign businesses by imposing tariffs and withholding information including the texts of laws that regulate foreign busi-nesses in China.

Recently introduced laws that would stop the approval of joint ventures making cellular telephones and raise tariffs on imported cellular handsets "effectively close off the electronics market" to foreign companies, she said.

Ms. Barshefsky dismissed China's claim that it is a de-veloping nation and should not have to meet the same standards as other WTO members, saying Beijing could not "pick and choose" which international trade rules it would adopt if it wanted to join the trade organization.

"The WTO is a single undertaking. You're in or you're out," she said. "It's that way for Bangladesh, it's that way for Brussels, it'll be that way for China.

Ms. Barshefsky said she had warned officials that with the yearly U.S. trade deficit with China expected to approach \$38 billion, Beijing's actions encouraged calls for "isolationism and protectionism" in the United States and could make it politically difficult for President Bill Clinton to oppose retaliatory

Investor's Asia Hong Kong Hang Seng Straits Times 2300 -20000 2900 J J A S O N 1995 1 J A S O N Exchange Prev. Close Change Close Hong Kong Hang Seng 9,385.22 9,411.85 -0.28Singapore Straits Times 0.38 2.063.90 2.071.74 Sydney All Ordinaries 2,122.90 2,126.20 -0.16 Tokyo Nikkei 225 17,789.46 17,843.56 -0.30 Kuale Lumpur Composite 888.50 899.47 -1,22 Bangkok 1,192.47 +0.40 1.197.27 Composite Index 954,04 976.25 -2.28 Stock Market Index Closed Mentle -2.26 Jakarta Composite Index 467.35 474.59 -1.59 Weilington NZSE-40 2,197.12 2,199.75 -0.12 Bombay Sensitive Index 3,193.77 3,316.00 -3.69

Very briefly:

Automobile Works.

Daimler-Benz Aerospace AG signed an agreement with SUN-PU Technology Co. of China to establish a joint venture to manufacture solar heating systems.

 Padaeng Industry Public Co., the biggest mining company in Thailand, will acquire 20 percent of the Australian zinc and lead producer Western Metals Ltd. in a transaction valued at 500 million baht (\$20 million).

· Fidelity Investments Japan Ltd. secured an investment trust license from the Finance Ministry, enabling the company to offer investment advisory and investment trust business in Japan.

OshKosh B'Gosh Inc. opened two stores in Delhi and said it planned 40 more across India next year.

Mitsui & Co. pulled out of a plan to build Vietnam's first natural gas processing plant, and its former partner, British Gas PLC, is reassessing its role in the project, the companies said. Computer Associates International Inc. of the United States

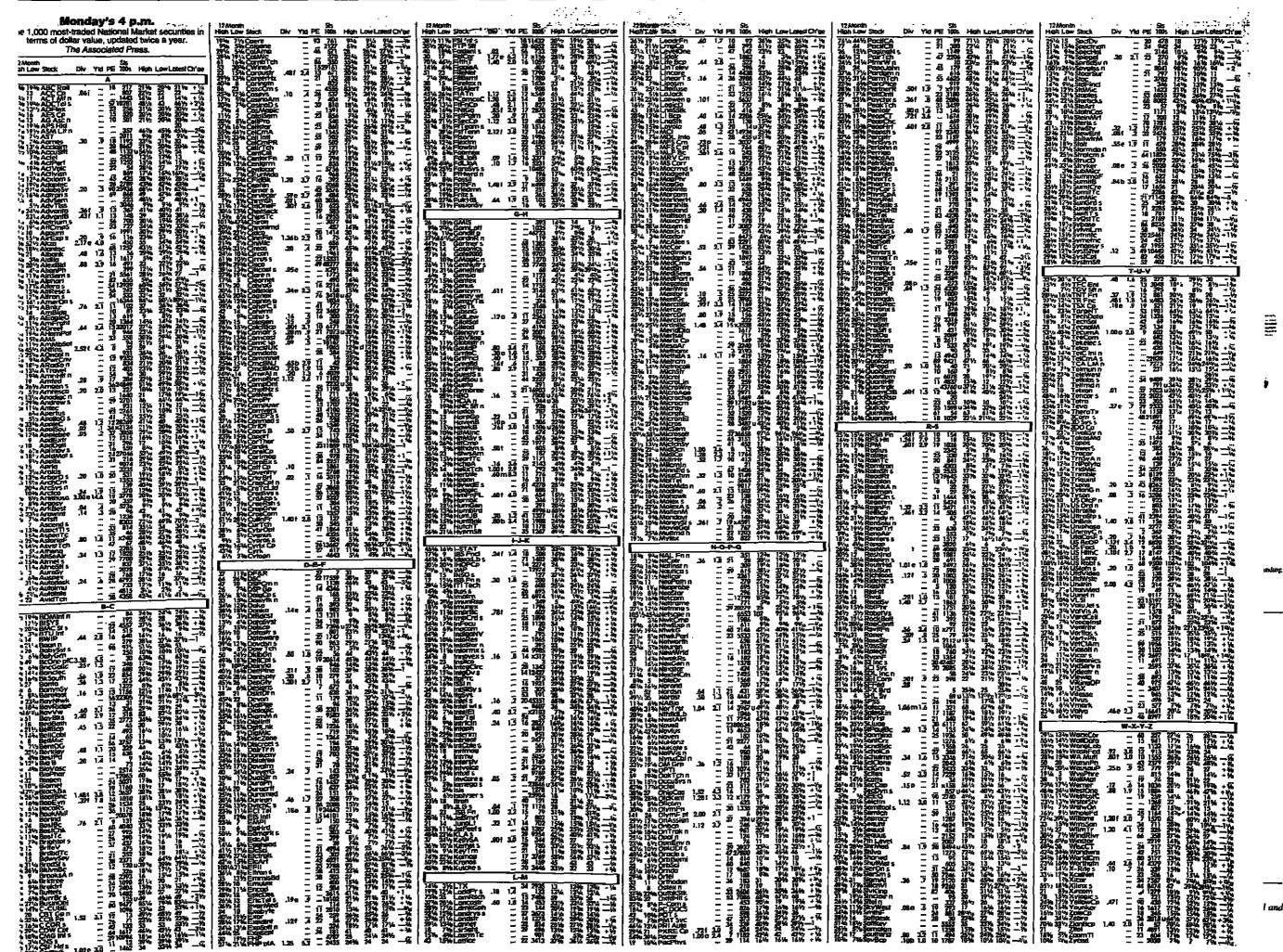
signed a global development and marketing agreement with Mosaix Technologies Ltd., an Australian software company. Eicher Motors Ltd. and Volkswagen AG will form a joint .

India reported. Volkswagen's Audi division paid 52 million Deutsche marks (\$37 million) for 10 percent of a joint venture in China with First

venture to manufacture passenger cars in India, the Press Trust of

CSR Ltd.'s first-half pretax profit fell to 364.3 million Australian dollars (\$269 million) from 406.4 million dollars, hurt by a slump in the building industry and weather-related delays in sugar processing. Sales edged up to 3.14 billion dollars from 3.11 billion AP. AFX, AFP, Reuters, Bloomberg, Knight-Ridder

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& CAPITAL MARKETS

BANKS OFFER FIRST-PLACE POTENTIAL

"Sophisticated financial institutions" make Egypt one of the top candidates for leader in the region.

The liberalization of the Egyptian economy is opening up new opportunities and challenges for Egypt's banking sector. Change began with the liberalization of trade and banking and is now gathering steam as government companies are privatized and opportunities for direct foreign investment open. In addition, progress in the Middle East peace process has opened prospects for regional development and is offering Egypt a chance to compete for the role of a regional financial center. Some observers are confident that the region-

al role is already within Egypt's grasp.
"Cairo has all the elements, including substantial savings, free movement of capital, a well-organized stock market and increasingly sophisticated financial institutions," says one financial analyst, "and if we don't become the financial leader, there is something very wrong with us."

Angus Blair, head of research for the Middle East and

Mediterranean markets of Barings Securities, believes Cairo will face competition from Beirut and Dubai for the role and estimates that another two years are needed before one of them emerges as a leader.

The macro and the micro views

Before that time, there are other issues on the table, in particular what role the banks should be playing in the development of Egypt's economy. "Looking at Egypt from a macroeconomic standpoint," says Ahmad el Bardai, Citibank regional head for North Africa, "what has happened is a mirately below the says and the cle. Now we have to look at the micro level and see how fast the government can succeed in attracting new investment and creating jobs for the half-million job seekers coming into the market each year."

Says Adel el Labban, general manager of Commercial International Bank (CIB): "Banking is one of the sectors that has performed relatively well on a sustained basis since the 1970s. There has been growth in the number of banks and in the size of the consolidated balance sheet, and this is a critical ingredient for any broad-based economic growth."

The liberalization of the economy has brought pressures as well as opportunities for the banks. Interest rates, fees and commissions have been deregulated since the early 1990s, increasing competition and squeezing margins. The deregulation of import procedures in areas such as cash collateral and licenses has also added to the competitive pressure.
"Banks are looking carefully at their deposits and lending and are looking for new products," notes Mr. el Labban.

The change can be seen at Egypt's largest bank, the government-owned National Bank of Egypt (NBE).

"In the past, 85 percent of our profit came from interest,"

says NBE Chairman Mahmoud Abdul Aziz. "Now it is only 65 percent, but our profits are up by 50 percent, so the offbalance sheet activity is clearly more profitable."

Three priorities
Mr. el Labban sets three clear priorities for the banking sector. First, he believes, Egypt needs a smaller number of larger banks to cope with the tougher new environment. In this opinion he is not alone. "Some banks have the structural, technological and managerial ability to face the market, but Egypt is overbanked," says one observer. "Of all our banks, maybe 15 will be capable of meeting the challenge."

Second, Mr. el Labban is also advocating the establishment of banks with a regional orientation to help ensure a more even development throughout the country. "Upper Egypt, Sinai and the Western Delta should be served by regional banks, not just by Cairo banks working through their branch networks," he insists.

Third, he wishes to see the government privatize its equity in Egypt's mixed private-public sector banks.

According to Mr. Abdul Aziz, NBE is already taking ad-

vantage of its position as "a 100 percent government bank that is 100 percent privately managed to carve a major role in promising the private sector. He strongly believes the banking sector should play a major role in privatization.

"We have to go deeper into the market and the privatization.

tion process and push the private sector to join," he says. "And my strategy is to help launch a new company every 10 days." The bank takes 10 percent to 20 percent equity, the private sector and co-investors 30 percent to 40 percent, and the balance goes to the stock exchange. "It is a model for accelerating the private-sector role in enhancing economic growth," says Mr. Abdul Aziz.

NBE has also taken an active role in the growth of the mutual funds by launching two of the seven funds now operat-

While applauding the new energy in the banking sector, some observers would like more attention paid to strengthening conventional banking activity, particularly in provid-ing loans for private-sector projects. The private sector is expanding, but bank lending ratios remain a low 30 percent to 50 percent of assets. "Deposits in Egypt are very short-term, so it is hard to do long-term lending," says one banker.

If the banks can get the balance right between traditional

activity and the tempting new prospects that privatization of-fers, they should be able to make a significant contribution to the development of Egypt's private sector.

Pamela Dougherty



Modern-day knights of the round table, with computers at their fingertips, pass their days in a flurry of activity at the Cairo Stock Exchange.

THE STOCK EXCHANGE BOUNCES BACK

The government is actively promoting this sector of the economy with an updated regulatory package.

stock exchange has risen steadily since August, and observers are saying that the Egyptian market is finally getting ready to play its proper role in the economy.

"Cairo is very exciting," says Angus Blair, head of research for the Middle East and Mediterranean for be up to £E 3.6 billion by the Britain-based Barings Secu- end of the year." rities. "It is going to be a

huge market again. ing markets," says Mohamed Taymour, chairman of the Egyptian Financial Group, "but there have been big achievements, with overall turnover rising to 2.6 billion Egyptian pounds (\$726 million) – compared with just £E 597 million in 1992." Momentum was not sustained in the first months

market dropped by 17 per-

"There was disappointment when 1994 was not like 1995," admits Mr. Taymour, "but despite the depression in prices, trading reached £E 2.8 billion by the end of October and should

Private-sector confidence A series of government measures is helping to give new life to the market. A new regulatory structure, replacing the separate management boards of the Cairo and Alexandria Stock Exchanges, could be in place by the end of 1995, and a

listing of securities, adherence to trading regulations and penalties for malprac-

nouncement in August of new measures to improve the privatization process - including an end to the selling of shares outside the "After a rise of 145-per- stock exchange, together cent in 1994, the 17 percent with the obligatory full dis-Our market is still small decline was a necessary cor- closure of company inforhas also boosted confi-

dence. That the changes were made following consultations not just with market officials but also with fund managers, brokers and bankers adds to private-sector confidence.

Confidence is based on more than expectations of improvement. Egypt's three

Activity on the Egyptian of 1995, and the value of the watchdog committee will be income-oriented mutual stock exchange has risen market dropped by 17 per- established to monitor the funds reported good results funds reported good results up to mid-1995, with returns outperforming those of three-year bank deposits and ice. treasury bills. In August, the The government's anopened subscription for its second £E 200 million mutual fund, which will invest in Egyptian and foreign shares and government pa-

A second new fund, the Allied Investors Insurance scribed on Aug. 17 and brought the total amount of capital in the country's funds to £E 900 million.

Foreign interest For some observers, the growth of the funds has come too soon in the evolu-

tion of the market. "The role of the market is to raise capital to finance growth, not to act as a mechanism for shifting ownership," says Adel el Labban, general manager of the Commercial International Bank. "The funds now have a very big percentage of the traded shares in the market, where a more healthy evolution would be to leave retail investment in the hands of the brokers, not concentrated in the funds," he adds.

Despite these misgivings in Egypt, expressions of confidence are being heard outside of the country. An October report by leading British brokerage firm James Capel said that the Egyptian market was undervalued and represented an excellent buying opportuni-

The Capel firm also announced plans to launch the first brokerage facility for Egyptian shares to be based outside Egypt, while the In-ternational Finance Corporation is also considering including Egypt in its global index of emerging markets. With this growing foreign

interest in the market and internal improvements continuing, a new central share depository is due to be opera-tional by 1996.

Observers are predicting an exciting 1996 for the stock exchange.

P.D.

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EGYPTIAN BANKING CAPITAL MARKETS

COMMERCIAL BANKS WILL BE STREAMLINED

While many of Egypt's 30 commercial banks are making a successful adjustment to the challenges posed by the increased emphasis on the private sector, others are lagging behind. A streamlining of the industry is inevitable, analysts say, with considerable rewards in the offing for institutions

that are both flexible and well managed.

Results for the year ending in June 1994 (the most recent figures available), show that the country's largest public-sector institutions all recorded a rise in net profits.

The net profits of the National Bank of Egypt (NBE) rose by 14 percent, to 80 million Egyptian pounds (\$23.5 million); Banque Misr's by 8.3 percent, to £E 52 million; Banque du Caire's by 9.5 percent, to £E 46 million; and Bank of Alexandria's by 9 percent, to £E 36 million.

The four account for about 55 percent of the total assets in Egypt's banking sector, excluding their shares in joint venture banks. At the end of fiscal 1994, their combined assets and liabilities amounted to £E 122 billion, up from £E 115 billion in the previous year.

Other state-owned entities, such as the Arab International Bank (AIB), have increased their capital and are expanding their presence in both project and trade finance. AIB's shareholders include several Arab governments as well as Egypt.

Private banks and joint ventures

The performance has been the most remarkable, however, at some of the private-sector and joint-venture banks, such as Misr International Bank (MIBank) and the Commercial International Bank (CIB). MIBank saw its assets rise to £E 7.6 billion, up from £E 7.2 billion a year earlier, while profits increased 35 percent, to £E 70.6 million. In the case of CIB, both the level of earnings and the rate of increase were dra-matic: net profits rose 57 percent, to £E 205 million. Its as-sets also improved, reaching £E 6.1 billion, compared with £E 5.8 billion in fiscal 1993. Other impressive results were reported by Suez Canal Bank, the Egyptian American Bank, Misr Exterior Bank, Mohandes Bank, The Nile Bank and Banque du Caire Barclays.

While most institutions benefited from the sudden surge of confidence that investors, both foreign and local, began to show in Egypt's economic system in 1994 as a result of its successful reform program, the pace of change has slowed somewhat since then. This in turn has given rise to some doubts about expectations for the remainder of this year.

Pressure from the International Monetary Fund is one factor, with many expecting a devaluation of the Egyptian pound, despite the government's insistence that such a move is neither required nor justifiable. Although a devaluation would help the country improve its export performance, it would also increase the country's high import bill signifi-

cantly and contribute to inflationary pressures as a result.

Meanwhile, the uncertainty is affecting foreign banks dealing in the local currency and is discouraging other insti-tutions from lending in the local market. Many commercial banks, however, have been able to offset such concerns as a result of the government's move to widen its offering of profitable new instruments in which banks can invest.

These include five-year treasury bonds, the first long-term tradable instrument to be made available. The first tranche was launched in April, and plans have been approved for issues totaling some £E 15 billion.

"This is a bank, and it is not my goal to buy treasury bonds. My main goal is commercial banking," comments Mohammad Ozalp, senior general manager of MIBank. "But if I have excess funds, it is an attractive way to invest those funds." The bonds carry a six-month coupon of 12 per-

During the coming year, the prospect of bank privatiza-tions will add to the uncertainty. Steps taken by the government recently to encourage the large state-owned manufacturing and service industries to clear their debts to the banks through asset sales or write-offs are welcome and will help these institutions to improve their return-on-equity and return-on-assets figures.



The private sector, in addition to helping big business, has helped to provide jobs for individuals.

PRIVATIZATION IS OFF AND RUNNING

Both companies and buyers are benefiting from an increased amount of private-sector activity.

L'gypt's privatization process is taking on a new life as the government explores ways to attract foreign expertise.

Says Mohamed Taymour, chairman of the Egyptian Financial Group: 1992-94 was a period of hesitation. but now the government has a clear view." Since the launching of the pri-vatization process in the early 1990s. only three companies have been sold outright, small stakes have been sold in 10 more and a further 12 are slated for sale from a total stock of 17 stateowned holding companies with 314 public-sector affiliates. Only very profitable companies have been offered, and there has not been a real answer on what to do with the poor performers.

The Chemical Industries Holding Company could show the way. It has asked for anchor companies, merchant banks and other parties to enter into management contacts with nine of its 24 affiliates to improve their profitability and possibly to buy in at a later date.

This approach finds favor among Egypt's bankers and market specialists, who place a high priority on upgrading the management and profitability of government ventures before they reach the market. "We need to educate owners, change management procedures given time," he says. and increase productivity in companies

- and then we can go to simple sell- to see the government release up to 50 ing," says Mahmoud Abdel Aziz,

Egyptian National Bank chairman.
His approach is backed by Mr. Taymour. "We need strategic investors with technical and management abili-

ty, he says.

Their views are supported by recent market experiences. The Engineering Industries Holding Company's 1994 attempt to sell a number of affiliates outright was a failure, and offers this year have also had a poor response.

Economics over politics

For Adel el Labban, Commercial International Bank (CIB) general manager, the key is that decisions be based on economic rather the political considerations."Privatization is a means to an end, not an end in itself," he says. "I don't really care who owns a company so long as they manage it effectively, and management and shareholders are recompensed adequately.

Complaints that Egypt's privatization program is moving too slowly cut little ice with Mr. el Labban. "The purpose of economic reform is to improve the standard of living for all Egyptians, not to sell a quota of companies in a

percent of its share in large public-sector companies, not just the 10 percent to 20 percent that is usual now, which he considers insufficient to lead to an

improvement in management.

Many Egyptians worry about the impact of privatization on jobs. The experience of El-Nasr Bottling (Coca Cola). which has increased its staff since privatization, is much quoted, but not everyone has as much confidence.

Mr. Taymour emphasizes that foreign expertise, rather than capital, is needed. "When we are selling on the stock exchange, we don't need foreign capital," he says, adding, "We have had four successful offers of 500 million Egyptian pounds (\$135 million) with

no problem."

Mr. Abdul Aziz agrees. "Egypt has attracted inflows of \$65 billion in the last three years, 85 percent of it from Egyptians, and we now have a \$20 billion surplus in hard currency," he notes. He also points out that privatization has been a good investment for buyers. "Of all the companies privatized, only one is now selling below its offering price, so we can't say the pric-ing wasn't right. With a more active market, we will be able to price within Mr. el Labban would, however, like the prevailing norms," he says. P.D.

Investment BANKS DRAW **New Partners**

Although progress on privatization has been slow, the prospect of new public share offerings and a reform of the stock market are helping to expand investment banking opportunities in Egypt. Despite some concern about inflation, future interest rates and the value of the pound, foreign investors are also continuing to find the country's emerging markets attractive.

To take advantage of the voracious domestic appetite for local stocks and shares, the big public-sector institutions and joint-venture banks are establishing mutual funds in Égyptian pounds. Five institutions, including Banque Misr, the National Bank of Egypt (NBE), the Bank of Alexandria and the Egyptian American Bank (EAB), have already set up such funds. Banque Misr, the state-owned commercial bank, has established two funds. The growth fund, which was launched in September, closed at 200 million Egyptian pounds (\$58.8 million); the first, an income fund, is valued at £E 300 million.

NBE recently launched its second fund, an income-based package valued at £E 200 million. Its first, a £E 100 million open-ended capital gains growth fund, was two and a half times oversubscribed when it closed.

Stock in trade

In October, Banque du Caire, another large public-sector commercial bank, launched yet another fund with a target of \$100 million. EAB, whose shareholders are the Bank of Alexandria and American Express Bank of the United States, launched its fund last year. It raised \$200 million and helped attract new customers: to the bank as well, officials report.

Further progress in attracting domestic investors will depend, to a certain extent, on the availability of bank stock itself. Plans by the big public-sector institutions, such as NBE, to sell shares in the smaller joint-venture banks have been announced.

In 1993, NBE reduced its 100 percent stake in Commercial International Bank (CIB) to just over 40 percent, and the bank's partners now include the Washington-based International Finance Corporation (IFC) as well as the Arab Investment Company and Arab Petroleum Investments Corporation (Apicorp). As a result of a public share offering, individual shareholders own more than 50 percent.

Barclays International is reported to be ready to raise its 49 percent share in Banque du Caire Barclays to a majority 51 percent if Banque du Caire agrees. Meanwhile, Egypt's investment banks are increasing their involvement in the expanding capital markets. CIB and other joint-venture institutions are buying shares directly in newly privatized industrial companies.

Foreign-owned institutions such as Citibank, Credit Lyonnais, the Arab Bank and American Express Bank have expanded operations in local currencies following legislation removing previous restrictions. P.A.S.

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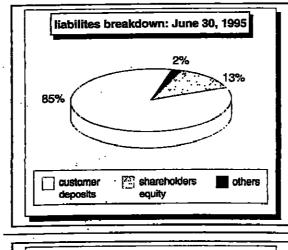
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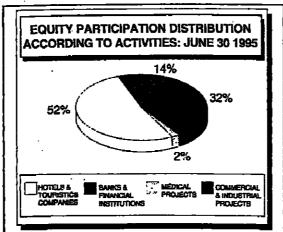
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USS2323 MILLION

asset breakdown: June 30, 1995 31%





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January 1995



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FIRST ISSUE L.E. 300,000,000

INVESTMENT MANAGER

CONCORD INTERNATIONAL INVESTMENTS NEW YORK

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September 1995



BANQUE MISR MUTUAL FUND (EGYPT)

SECOND ISSUE L.E. 200,000,000

(U.S. \$59,000,000)

INVESTMENT MANAGER

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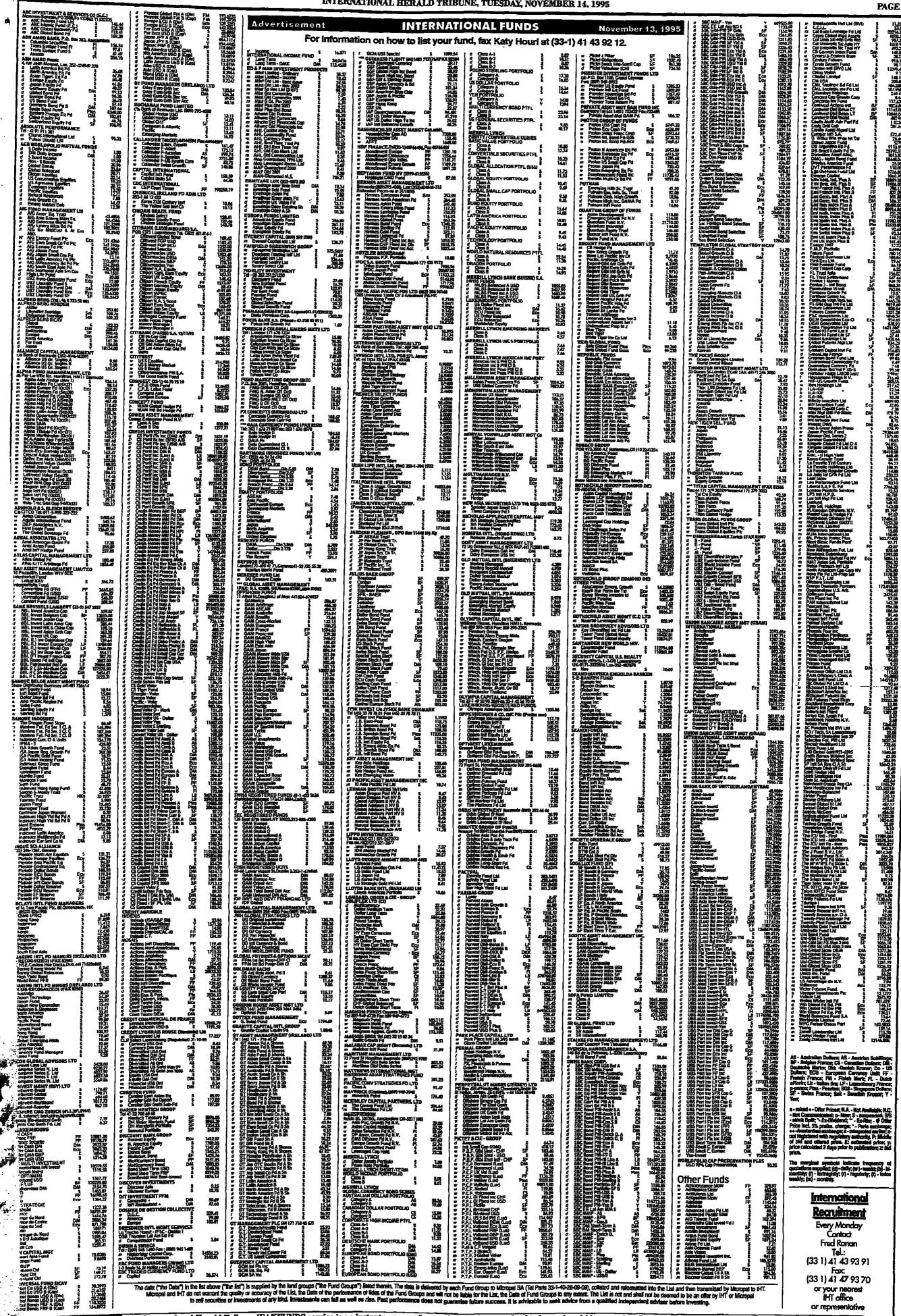
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12 Monith High Low Sto

World Roundup



Unmatched: Steffi Graf reaches for a ball against Lori McNeil.

Graf Battles to Victory

TEMMIS Steffi Graf survived a strong challenge from unseeded Lori McNeil to win the \$800,000 Advanta Championships on Sunday, 6-1, 4-6, 6-3. The victory gave Graf eight tournament titles in 1995, more than any woman player. She has won every final she has played in. (Reuters)

Cash for Jonathan Davies

AUGRY UNION Jonathan Davies, who skippered the Welsh rugby league team in the World Cup last month, but has since rejoined Cardiff rugby union club, is to be offered a £40,000 (\$63,000) a year job as a development officer with the Welsh Rugby Union.

This comes less than five years after the WRU banned Davies from commentating on an international for a Welsh language radio station because

he was a professional rugby player.

Davies will also work in a three daya-week marketing job that brings his earnings to above £100,000.(Reuters)

Hershiser a Free Agent

BASEBALL Orel Hershiser, Joe Otsulak and Jody Reed became free gents Sunday, increasing the total to 138 on the final day of filing. Hershiser's filing was conditional. The Indians have until Wednesday to exercise a \$1.5 million option.

The Houston Astros took a \$20 million, four-year offer for the All-Star second baseman Craig Biggio off the table Monday after the team's Sunday night deadline passed without him

Nigeria in Doubt

soccer Nigeria may not be about to pick up one of world soccer's smaller plums after all. Lennart Johansson, a vice-president of FIFA, the governing body of world soccer, said on Monday that no decision had been taken to transfer the 1997 world youth soccer championship from Malaysia to Nigeria despite reports that FIFA's head, João Havelange, promised the

African country the event last week. Havelange made a four-day trip to Nigeria last week, before the execution of nine dissidents. He met the country's military ruler, General Sani Abacha, and was awarded a traditional chieftancy after saying Nigeria may be given the 1997 tournament. (Reuters)

Springboks Blossom, Flowers of a New Land **World Champions Face Next Test**

By Ian Thomsen International Herald Tribune

OME — It would be hard to exaggerate what South Africa accomplished in the Rugby World Cup last June. It grew out of whirnsy -- because the Springboks had been banned over the tour-nament's first eight years — into an unlikely dream that became a national mission. By the end, when President Nelson Mandela appeared on stage in a Springbok cap and jersey, the team had made an international statement beyond sport of more power than any in recent memory - stronger than the message of the 1980 U.S. Olympic hockey team.

This was a world cup hangover for us." the Springbok manager, Morné du Plessis, said Sunday after South Africa's disappointing 40-21 victory over Italy. "This was a clearing of the head that was needed."

Their big post-world cup test comes Saturday at Twickenham in southwest London against England. The Springboks showed only three changes, among the forwards, in their warm-up test Sunday. None of the front-line players swallowed the predicted, lucrative offers from rugby league or Kerry Packer, the Australian television magnate who tried to set up a professional rugby union competition.

Most noticeable on the field is the new role for the captain, François Pienaar, who has moved to No. 8 as the Springboks have shuffled their lineout. More obvious is the change in Pienaar's demeanor. He played the role of statesman throughout the world cup, wary of any semantic traps that might imprison South African rugby in its horrible past. If he seemed always on guard then, he is clearly relaxed now.

It may turn out, however, that the soldierly mood of the world cup was the secret of the Springboks' championship, because they hadn't been expected to make up so much ground so quickly since their return to

TO GAMES for ever after can matter like those against Australia, France and New Zealand in the world cup. The Springboks realized as much here when Pienaar scolded them 14 minutes into the second half, after Italy had scored consecutive tries for a 21-17 lead. The Springboks had allowed only three tries throughout the world cup against better teams.

"When you're down 21-17 in test matches, you work your way back up quickly," Pienaar said. "The world cup with us — but that's for South Africa." The motto for this week is: "Champio will always relive that game. We will al- Away.'

Tulio scored two more goals to take his

Tulio, the striker who 72 hours earlier

had also scored twice in a 3-0 victory over

Uniao São João, scored both his goals in the

last 11 minutes to go seven ahead of his

nearest rival, the Cruzeiro striker Marcelo.

mengobeat Goias 2-1 at home. Romario

failed to score but he at least provided the

pass from which Nelio scored the Flamen-

go's second. Flamengo had been expected

to win the championship after signing Ro-

mario and the striker Edmundo but instead

have little chance of reaching the playoffs.

Edmundo is out for the rest of the season

Only 870 fans turned up to watch Fla-

tally to 18 in as many games as Botafogo

routed Atletico Mineiro, 5-0, in the Brazil-

ian soccer championship.

Tulio on Target as Gazza Hits Out

wound.

ways be world champions. But we think the style we show in our play and what we do next week and next year will be more satisfying to us as a team than what we did at the World Cup.

Sorry? More satisfying? Next weekend is going to be as big a match as the world cup final was for us,

du Plessis agreed. Apparently they have forgotten what the Apparency mey have forgotten what the All Blacks did to England in the world cup semifinal. Then again, it wouldn't do the Springboks any good to focus on something like that.

"Everybody's dream is to play well at Twickenham," du Plessis said, "We didn't play England in the world cup. England is the home of rugby - it's where the rugby is eaten, they feel the way we feel about it. All of that should be enough to lift the players far away from the world cup."

"T IS true — though the Springboks won't cast it in these terms — that their championship will be seen as a freak, home-soil occurrence if they go on to play at a lesser standard. Their rivals would enjoy tossing it back in Louis Luyt's face after his declaration at the victory banquet that South Africa would have won the first two world cups had they been invited. Luyt's overwhelming presence, representative at once of the old regime as well as the white Afrikaaner continuing economic power within the "new" South Africa, seems to prevent outsiders from believing in the changes claimed by South African rugby.

The Springbok emblem, though it has been endorsed by President Mandela as a symbol of unity in rugby, is at risk of being cast out as the symbol of apartheid. The South African National Sports Council gran-ted it a stay of execution until March, when a decision will be made based on the deliberations of a special commission. In other sports the springbok has been replaced by the protea, South Africa's national flow-

The true value of the world cup will be based in its repercussions. Following the conclusion of the domestic rugby season, which unearthed all of the old, provincial rivalries, the Springboks sought to re-create the mood of last June by going on a weeklong tour of South Africa just two

'One Nation, One Country,' will always be The motto for this week is: "Champions

SCOTLAND The turbulent midfielder Paul

Gascoigne, due to play for England against

Switzerland on Wednesday, could be in

trouble with the Scottish Football Asso-

ciation after a series of incidents in a league

match Saturday between Glasgow Rangers

and Aberdeen. Television pictures show

Gazza involved in clashes with Aberdeen's

Paul Bernard and three other players in the

1-1 tie. Bernard needed five stitches in a chin

ARGENTINA Diego Maradona will

watch Boca Juniors' next match from the

bench after receiving his fourth vellow

card of the season in the 2-0 victory Sunday

against Banfield in the Argentine league.

Maradona, playing his eighth league match after a 15-month suspension, was

booked for arguing with the referee over



Runners in the New York Marathon crossing the Queensborough Bridge to Manhattan.

defend in Europe. "Then we changed our motto, just for this tour," du Plessis said. "Our motto of 'One Nation. One Country' is ill classes to

By Jere Longman New York Times Service

NEW YORK - At 5 A.M., the sign atop the Mony Building said 35 degrees. By 6, it was 34 degrees. By 8, as I boarded a bus at a midtown hotel, it was snowing. The 26th New York City Marathon threatened to become the Iditarod.

As the temperature dropped, so did my hopes of running the race in under four hours. This would my third marathon in New York. In 1991, on a perfect day, I had run 4:21. In 1993, I slogged to a 4:36 in the heat and humidity. This year, the most I could hope to beat was frostbite.

At least it seemed that way as we pulled up to the Verrazano-Narrows Bridge for the start. A group of runners huddled under the bridge like homeless persons, draped in garbage bags for warmth, wool hats pulled low over their ears.

I had the opportunity to start with local elite runners on the lower level of the bridge. This would have shaved at least six or seven minutes from the walking start that many of the runners must endure in the yearly human gridlock.

But the elite runners were escorted to the start at 9:30 A.M., almost an hour and a half before the race would begin. No thanks. Not in this cold and howling wind. I would stay warm for another hour and start at the back of the pack as usual.

Once there was room to run, we were blown across the bridge by a fierce tailwind that felt more like a shove in the back. Still, 16 minutes elapsed before I hit the first mile marker. Then something pleasant and unexpected happened. In Brooklyn, the wind subsided to a gentle push. It didn't feel unbearably cold anymore, only encouragingly

Through miles two and three the pace quick-ened. At 3.5 miles, a man in front of me carried a Taiwanese flag and ran backward, facing the horde of oncoming runners, glancing over his shoulder as if he were backing into a parking

"It's too hard on the legs to run the other way," he said.

My legs felt springy and responsive, and my

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nace increased to about eight and a half minu a mile. I hit the halfway point in 2 hours, 3 minutes. Four hours was in reach. But could I hold on? Did I over-train, running 20 miles twice and 22 miles three times? Would my legs give out, or cramp up?

Four days before the race, the instep of my left foot had become alarmingly sore. Curiously, it hurt when I walked but not when I ran. Rather than consult a doctor, I consulted a few runners, knowing they would tell me what I wanted to hear. 'It's probably just tendinitis," said Alberto Salazar, the three-time New York winner.

Those things tend to go away on race day said Amby Burfoot, winner of the 1968 New York City Marathon. He was right. Adrenaline

chased the pain away. With nearly 12 miles to run, I heard that German

Silva of Mexico had won the men's race. Up First Avenue, I continued to feel strong, stopping each mile at the water stop, eating a banana a woman handed me from the crowd. I hit Mile 20 at 3 hours, 2 minutes. A 10-minute pace the final six miles would bring me home in four

On the Willis Avenue Bridge in the Bronx, my right hamstring knotted like a fist. Ten months of training, a personal best within reach and now I would be lucky to finish. I leaned against a pole, stretched my hamstring and walked for a block. I' was in luck. The muscle relaxed. I resumed my

pace gingerly.

At Mile 23, we re-entered Central Park. The notorious, undulating hills were ahead for the next two miles -- gentle slopes on most days, but enervating at the end of a marathon. Fortunately, the crowd is close and loud on the narrow East Drive, and the runners are carried along on some invisible current. Beyond 25 miles, we swung onto Central Park

South and I realized I would finally break four hours. Tears welled in my eyes, and for a moment it was difficult to draw a breath. I hit the tape at 3:57:00. At age 41, on my third

try. I had finally reached my goal. It was time to celebrate and retire.

Hopeless **Cavaliers** Drop to 0-6

The Associated Press Cleveland's pro football team wants to skip town. Perhaps the pro basketball team should do the same thing. The Cleveland Cavaliers might consider heading out after dropping to 0-6 this season

NBA ROUNDUP

with an 84-81 loss to San Antonio on Sunday night. Only the Denver Nuggets,

who lost, 108-103, to the Los

Angeles Clippers, are as hopeless as the Cavs. Things have become so bad for Cleveland that merely beat-

ing the Cavaliers is no longer good enough. The Spurs were embarrassed in winning by only three points.

When you win and play as poorly as we did, sometimes it creates bad habits," said San Antonio's coach, Bob Hill. We talked about the predicament that Cleveland is in before the game. Then we went out and played disinterested for three and a half quarters, like we knew we could win the game in the last five minutes. We just got out-hustled on the boards, and we were fortunate enough to hang around.'

David Robinson led San Antonio with 18 points, 12 rebounds and 7 blocks, but he did it against a team without a center. Michael Cage, a power forward by trade, handled most of the defensive work against Robinson, with some help from Danny Ferry.

Scoreson 8

FOOTSALL

NELSON S

FERRY Green Green House about

tera.

The Cavs led by 77-72 after Cage's layup with 5:06 left in the game. But Chuck Person hit two three-pointers down the stretch as San Antonio held on.

Clippers 108, Nuggets 103 In Los Angeles, Brian Williams scored 19 points and Loy Vaught had 18 points and 12 rebounds as Los Angeles handed Denver its sixth straight loss.

Mahmoud Abdul-Rauf had 20 points and Dikembe Mutombo had 17 points and 18 rebounds for the Nuggets, who lost despite holding the Clippers to one field goal in the last seven minutes. Deriver is off to worst start since losing its first

seven games in 1990-91. Knicks 120, Jazz 110 In New York, John Starks hit six threepointers on the way to scoring 26 points and Charles Oakley added 20 points and 10 rebounds for the Knicks, who shot 61 percent in jumping to a 61-43 lead. New York led by as many as 24 points midway through the third quarter, then withstood a Utah rally late in the fourth quarter to win its third consecutive game.

Starks hit five three-pointers in the first half and another midway through the third period. He had seven three-pointers in New York's first five games.

Sums 112, Golden S Charles Barkley had 31 points and 19 rebounds, but Phoenix needed 3-pointers from Michael Finley, Wesley Person and Tony Smith in a 68-second span down the stretch to beat

the visiting Warriors.

Person finished with 20 points and Finley added 18 for the Suns, who trailed by 17 points midway through the third quarter. Barkley hit consecutive three-pointers to give Phoenix a 95-94 lead with 5:04 left.

Tim Hardaway had 29 points and eight assists to lead the Warriors, who had two chances to tie the game in the final 17.8 seconds. Hardaway and B.J. Annstrong missed three-pointers and time ran out before Joe Smith could get a third shot off. The Warriors beat the Suns in four of five meetings last year.

CROSSWORD

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16 Moon of Saturn 17 College on the Thames

18 Singer Sedaka

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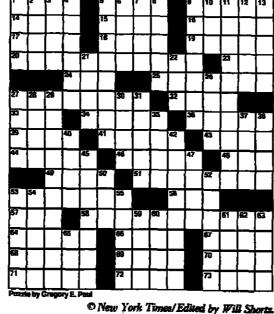
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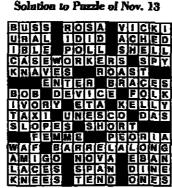
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SPORTS

49ers Humble the Cowboys Best Record in the NFL? Try the Chiefs The Associated Press record, but New England bear in its Dolphins, 34-17. The 34his sixth straight 100-yard ceiving game as the team ceiving game as the team ceiving game as the team cessfully christened the world Dome at the experiment.

City Chiefs, owners of the best Tarkenton threw for 47,003 World Dome at the expense of record in the National Football

While the Cowboys were ambushed by the San Francisco 49ers on Sunday, the Chiefs quietly defeated the San Diego Chargers, 22-7, for their ninth victory in 10 games.

With Steve Bono and Marcus

NFL ROUNDUP

defending AFC champions for yards for a first-quarter TD. the second time in five weeks. The 49ers (6-4) romped against the fifth time in six games. the Cowboys (8-2). After losses the 49ers were two-touchdown underdogs. San Francisco led, 17-0, just 4:58 into the game — Elvis Grbac-to-Jerry Rice for short touchdown runs as the Ea-an 81-yard touchdown on the gles pulled within two games of second play was the catalyst ---

and the Cowboys were dazed. Grbac hit 20 of 30 passes for 305 yards and two touchdowns and also ran for a score, while Rice had five catches for 161 yards. And Dallas's Deion Sanders wasn't a factor against his former team.

West with Atlanta and St. illegal pass on an 18-yarder that Louis, led. 31-7, at halftime and the Texas crowd of 65,180 booed the Cowboys.

Patriots 43, Dolphins 17 At yard field goal attempt was fiami. Dan Marino passed for wide left with 13 seconds left. Miami, Dan Marino passed for 333 yards and broke Pran

yards in 18 years.

Ben Coates caught a pass deadded two scoring passes.

Chiefs 22, Chargers 7 At San Rams. Allen scoring on short touch-down runs, the Chiefs beat the sixth straight as Allen scored 17 of 27 for 137 yards and ran 2

Eagles 31, Broncos 13 At to New Orleans and Carolina, Philadelphia, Rodney Peete (25 of 37 for 264 yards) ran for one score and passed for another. while Ricky Watters had two

> Dallas in the NFC East. Saints 17, Colts 14 At New Orleans, Jim Everett threw for 228 yards and two TDs as the Saints (4-6) won for the fourth

time in their last five games. Harbaugh, replacing the injured The 49ers, tied atop the NFC Paul Justin, got called for an would have put the ball on the Saints 1 with 1:11 left. Cary Blanchard's subsequent 41-

Carolina (4-6).

The Panthers' Kerry Collins flected by a teammate for the was intercepted four times and tie-breaking score to help New lost two fumbles — one that England (4-6). Curtis Martin was returned 26 yards for a had 142 yards rushing and two score by Torin Dorn. Chris touchdowns, and Drew Bledsoe Miller was 19 of 32 passes for 216 yards and two TDs for the

Houston, Jeff Blake threw two from a yard out with 6:16 to touchdown passes to Carl Pickplay for the clincher. Bono was ens and Cincinnati (4-6) with the NFL's worst defense forced four turnovers and The Chargers (4-6) lost for had four sacks. The Oilers are

> Tempe, Arizona, Warren Moon threw a 50-yard scoring pass to Qadry Ismail 2:16 into overtime as Minnesota (5-5) improved to 2-2 in overtime games and Arizona (3-7) fell to 1-2. Moon completed 24 of 43 passes for 342 yards and four

In games reported in some

Monday editions: Raiders 17, Gianta 13 At East The Saints barely held on Rutherford, New Jersey, Jeff yards for a score and caught TD (4-6) gave coach Wayne Fontes against the Colts (5-5) as Jim Hostetler withstood strong passes of 38 and 23 yards from another week of job security. Hostetler withstood strong winds in leading Oakland (8-2) past his former teammates. Harvey Williams capped a long against-the-wind drive with a 6yard scoring run with 6:52 left. Hostetler was 13 of 19 for 152 yards.

BASKETBALL

to 3-7. Hams 28, Panthers 17 At St. Jacksonville, Florida, Joey Gal- Ponniac, Michigan, Willie Clay Tarkenton's all-time yardage Louis, the Rams forced six loway ran a team-record 86 had two interceptions as Detroit



Ted Popson, 49ers tight end, dives for a first down against Dallas, while the Cowboy safety Brock Marion closes in.

passes of 38 and 23 yards from Rick Mirer as Seattle (4-6) had its highest point total in 10 years. Galloway finished with five catches for 114 yards. Chris Warren added 121 yards on 27 carries. Jacksonville fell

Ferry 6-18 2-2 18: Brandon 8-17 0-0 17 Rebounds—Son Antonio 42 (Robinson 12), Cleveland 48 (Ferry 11). Assists—Son Antonio 22 (Johnson 6), Cleveland 23 (Philis, Sura 5). Deaver 37 21 23 22—163 LA Cilipters 26 30 38 22—108

Degree 26 30 38 22—14e D: Mutombo 7-11 3-4 17: Abdul-Rout 8-18 1-1

nds—Deriver 64 (Alufombo 18), Los

Bills 23, Felcons 17 At Oranother week of job security. Brett Perriman (10 catches for chard Park, New York, Buffalo (7-3) took over first place in the 125 yards) made a diving catch AFC East in coach Marv for a 37-yard gain to the Tampa Bay I to set up Scott Mitchell's Levy's first game back since he had cancer treatment.

touchdown with 5:21 left. Jim Kelly completed 22 of 36 Mitchell was 21 of 34 for 260 passes for 272 yards and two yards and one score. Barry touchdowns to Bill Brooks. Sanders had 19 carries for 92 Packers 35, Bears 28 Af yards, including a 55-yard Green Bay, Wisconsin, Brett

touchdown passes and the Packers held Erik Kramer out of the end zone in a drive that stalled at the 14-yard line as time expired. The Bears and Packers are tied for first in the NFC Central with 6-4 records.

Favre completed 25 of 33 passes for 336 yards and had TD tosses of 17, 29, 1, 44 and 16 yards. Kramer was 23 of 38 Favre threw a career-best five for 318 yards and two TDs.

John Cook, \$30,00 Scott Verplank Bob Tway Jay Don Blake Chris Perry Tom Byrum Tommy Armour Lee Rinker Lennie Clement Mike Mitchell

Canucks' Promise Turns Sour

The Associated Press

With Alexander Mogilny joining Pavel Bure in their lineup and a new arena, the Vancouver Canucks were expecting ?

big things this season. But now Bure is gone for the season with a knee injury, and the GM Place Arena is not as friendly as they thought it

The Canucks heard derisive chants from the fans while going down to a 4-2 defeat Sunday

NHLROUNDUP

night at the hands of the Montreal Canadiens. Coupled with an 8-4 loss Saturday night to Colorado, it completed a lost weekend for the Canucks.

Brian Savage scored twice as the Canadiens continued their remarkable surge under their new coach, Mario Tremblay. The Canadiens have a 9-2

record since Tremblay replaced Jacques Demers behind the bench early in the season when Montreal was 0-5.

Mogilny, acquired from Buf-falo in an off-season trade, and Roman Oksiuta scored for the Canucks, who lost their third straight and are 1-4-3 at home.

Devils 3, Flyers 2 In Philadelphia, Randy McKay's tie-breaking goal midway through the third period helped New Jersey complete a sweep of a two-game weekend series with the Flyers. Scott Niedermayer hit a slap shot that McKay managed to deflect from midair for his second goal of the year at 7:03, snapping a 2-2 rie. New Jersey had used up just five seconds of

a power play. Sabres 6, Lightning 4 Tampa Bay squandered a two-goal lead in the third period for the fourth time this season as visiting Buffalo scored four times in the last 20 minutes.

Dave Hannan and Matthew Barnaby had the third-period goals as the Sabres won for only the second time in seven road

Plante, Hughes and Hannan scored in a 2:18 span to put the Sabres in front, and Barnaby added a late goal.

7:03 left in regulation as Edmonton rallied for a tie. Joe Murphy had put the Blackhawks ahead 4-3 with 9:05 remaining in the third pe

left circle at the end of a threeon-one break. Gage, who started the second period in relief of ineffective goalie Bill Ranford, stopped 14 of 15 shots for his first NHL point after three career losses. The rookie's best save came

71-70-70-67—278 72-69-71-68—290 67-70-72-73—292 70-73-71-68—282 Derek Plante, Brent Hughes, CRICKET FIRST TEST games.

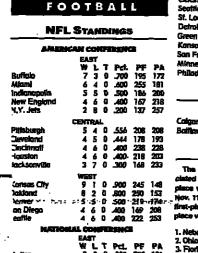
72-70-66-69-277 71-68-70-68-277

Ollers 4, Blackhawks 4 In Chicago, Todd Marchant scored on his own rebound with

NATIONAL BASKETBALL ASSOCIATION
NBA.—Suspended wifthout pay and fined fredering forward Date Davis and Socramento tayword Michael Smith \$20,000 and 2 games;
Socramento center Dunne Couswell \$7,500 and
1 games and Tyus Edney, Byton HoustonSorrangs Marchidonis, Diden Polynics. Lionel
Simmons and Wath Williams of Socramento and
Travis Best. Adrian Caldwell, Duane Fernell,
Fred Holbers, Mark Jackson, Reggle Miller and
Dwayne Schintzius of Indiana \$2,500 and 1
game, Because of Indiana \$2,500 and 1
game, Because Couswell, Edney, Housstressed per game, Cruswell, Edney, Housriod, beating Joaquin Gage with a slap shot from the top of the

about 1:35 into the five-minute overtime, when he kicked aside Tony Amonte's 15-foot slap

SCOREBOARD



Cincinnati 32, Houston 25 Seattle 47, Jacksonville 30 St. Louis 28, Carolina 17 Detroit 27. Tompo Boy 24 Green Boy 35. Chicogo 28 Konsos City 22, Son Diego 7 Son Francisco 38. Dollos 20 CFL PLAYOFFS

re 21. San Antonio 11 THE APTOP 25

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NBA Standings Pct 68 .833 — .833 — .750 1 .500 2 .400 2½ .400 2½ .250 3 Angeles 57 (Vaught 12). Assists—Deriver 17 (Abdul-Rouf 6), Los Angeles 19 (B.Williams, Dehere 5). .667 .600 The Top Teenty Flut teams in The Associated Press community of the place votes in parentheses, records through Nov. 11, lotal points based on 25 points for a first-place vote through one point for a 25th-Pts 1,530 1,476 1,458 1,350 1,295 #33 --#67 1 500 2 500 2 332 3 333 3 333 3 L.A. Clipper: Phoenix Golden State L.A. Lakers

HOCKEY NHL STANDINGS LASTERN CONTRIBUCE

WHY ARE TROOPS FROM THE

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recer Jersey 2 8 1-3
Philodelphia 2 8 2 8-2
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ALL RIGHT, MEN.

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TOMORROW?

ACCORDING TO MY MAP

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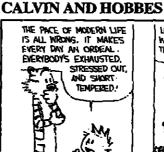
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MEXICAN OPEN

ARE YOU



LCCK AT ME! WHY AM I WAITING FOR A BUS AT UNNATURAL AND UNKEPLITAY.

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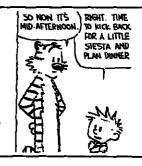
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clusions sammins sman and proyrace will miss Tuesday's gamer Williams will miss Thursday's gamer Best, Coldwell, Donis and Ferrell will miss Wednesday's gamer Dovis, Holberg, Jackson and Miller will miss Transday's gamer and Schintrick will miss and Saturday's gamer

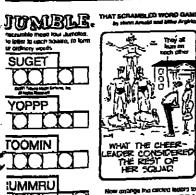
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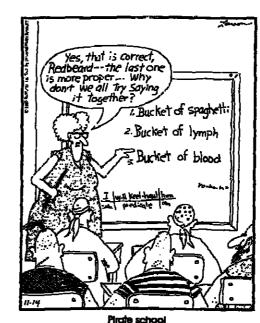








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ships a much more vindictive

God than I do. I said, "You

believe in one God, and I be-

lieve in another. That doesn't

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"It depends." he replied.

"Read the Bible, and you will

discover that my God is the true

God. He's a tough deity, and

nobody is going to push him

I said, "I have read the Bible,

and in it God says, 'Thou shalt

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North America

WASHINGTON — The any mention about God want-people I worry about the ing to assassinate political leadmost are those who commit acts ers. "The Bible is very clear on

ART BUCHWALD

The Zealots at Work

The zealots maintain that this. It states that you have a people can do anything they right to kill someone if that person tries to give away your land in Palestine.

'You made that up. My God is the God of peace and your God is the God of vengeance."

The scholar said. "My God will never let anyone take our settlements away even if it means starting a Holy War. Your God would sell our people out for a dinner with President Clinton.

"Tell me the truth. Was your God in on the killing of the Israeli prime minister?" I

"Let's just say he answered our prayers. A religious person would never do it on his own. Rabin was negotiating with the Arabs. What choice did our

"I don't believe that your God is for real," I told him. "I believe that he is a figment of your fanaticism."
He said, "With God's permission I could kill you for say-

ing that That doesn't surprise not kill.' I certainly didn't find me.'

A Postal Tribute to John Lennon

OS ANGELES - Eight Locountries plan to issue postage stamps honoring John Lennon on Dec. 8, the 15th anniversary of the former Beatle's

The stamps, from such countries as Ghana, Nicaragua, Mali and the Maldives, will be unveiled at a ceremony in New

The stamps depict Lennon at different moments in his life, from Belau's version of Lennon in 1961 to Ghana's representation of him the year he was murdered. Other countries participating in the project are Antigus/Barbuda, Guyana and Azerbaijan.

Lennon's widow, Yoko Ono. reviewed and selected the de-

Stephen Bogart's Struggle With His Father's Ghost

By Charles Strum New York Times Service

off the old block? Is he?

Well, yes: gunslinger eyes, tobachaving a little sarcastic fun in conversation — needling, as it was known when his father did it.

But also no: he is neither the on-Mantee. Charlie Allnut or Sam Spade, the anti-heros of American Scotch drinker, as his father was, or year is 1940-something. an actor, and he never wanted to be.

He wanted to be, apparently, what he has struggled his whole life to become: the guy next door.

Bogart, who once toiled unenthusiastically as a producer of television news in New York and other cities, recently remodeled his kitchen, expanded the deck and had his 60-yearold stucco house painted. He is happy to play golf with the fellows who did the painting. And he is happy to see his children play baseball at their el-ementary school. (One local wag said that Bogart's son, Richard, is easily discerned on the diamond; he's the only 9-year-old second baseman in a trenchcoat and fedora.)

Bogart, 46, has spent years trying to exorcise the ghost of his famous Bacail). father, a man who died when his son was 8 and who left more than 70 film suffocating legacy.
You've seen the movies, Bogart

seems to say, now read the book his book: "Bogart - In Search of My Father" (Dutton), in which the reader learns how he faced the burdens of hand-me-down fame.

He is not coy about this paradox, having baldly cashed in on a name someone else made famous (his mother is Lauren Bacall). The result was a nice piece of change ("less than half a million," he said) and an end to almost

40 years of trying to be anyone but Humphrey Bogart's son.

Bogart's voice grows weary as he RIDGEWOOD, New Jersey — remembers: "People would come up to me all the time and say, 'Are you remembers: "People would come up art, and where has he been all these related?' And I'd say, 'Well, no, I'm years? And what does he want of us not related. If I was related, I'd be now? Do we imagine him to be a chip living in his mansion, right? I was named after him. My parents were fans. I have a sister, Leslie. She's co-scarred baritone, a penchant for named after their daughter. That's what big fans they were.

Camouflage no longer seems so important to him. But he is still Bogie's son. When he leans across the screen nor off-screen incarnation of kitchen table, a filtered cigarette in Fred C. Dobbs, Rick Blaine, Duke one hand and a drinking glass (water only) in the other, it's not hard to imagine you are playing a small charfilm noir. He is also not a two-fisted acter part with the original and the

He says: "You're asking, 'If the name is a problem for me. why do it?' Well, one reason is financial and one reason is that it enables me to leave that part of my life. I have two kids and they've got to go to college." In addition to Richard, he lives with his wife, Barbara, and daughter, Brooke. 6. He also has a son, Jamie, from a previous marriage.

This is not his first book. Earlier this

year, Forge came out with his novel, "Play It Again," a detective story in which the protagonist, R.J. Brooks, is Sam Spade redux, the title is "Casablanca" redux and the chief murder victim is an actress named Belle Fontaine (who is also Brooks's mother and a personality stand-in for

But it was a Dutton editor, Audrey LaFehr, who met with him last year roles and a larger-than-life legend as a and said, "Now's the time" for a Bogart book. "I said, I don't want to do a biography of my father," he recalled. "We started to talk about my life and she said, 'That's the book.' And I said, 'Fine.'

As the latest Bogart book, this one breaks little ground. As Bogart points out, "there is no daddy dearest" story to tell. It is the pleasant and (to fans) familiar story of Bogie the son of prominent parents, Bogie the struggling stage actor, Bogie the drinker, Bogie the closet intellectual and Bo-



Bogart's book about the actor is an attempt to lay that to rest.

gie the romantic 44-year-old screen star who fell hard for the 19-year-old model Betty Bacall.

So, after a year's research and writing, does Bogart think he knows or understands his father? "No, I don't know him, but I think I have a good idea of what he was like as a person."

But it was not always so. The potential for happiness at the Bogarts' home - in the toney Holmby Hills section of Los Angeles — never quite materialized for Stephen or for his sister, who is three years younger. The fabled Bogart-Bacall romance, which began on the set of "To Have and Have Not," ended 11 years later

in 1957 when Bogart died of cancer. "It was his death, rather than his life, that was the problem for me."

Bogart said. "Beforehand, you're playing with Steve Cahn and Diane son of the lyricist Sammy Cahn and art's wife. the daughter of Art Linkletter. For now "We're all kids in the neighborhood. You know, you get together, run with the gang, visit each other's houses. Here comes Dad, Hi, Dad, If I had

continued just like everybody else. But when he died, it brought the attention on us. Days before the funeral. Stephen began to sense the burden of having a famous father. His mother had chosen to send the children to school, to try to keep things as normal as possible. But was not to be. Photographers am-

PEOPLE

continued in that vein. I would have

without even asking," he wrote, " hated it. I didn't want my picture taken anymore. But now at the church, after the funeral, I knew how to stop them, I thought. I would simply put my hands over my face so they couldn't see me, and they would not take my picture." His plan didn't work, of course. His photograph was on front pages across the country.

So he became the son of a phantom, He grew up, but not always easily. He tried drugs and was kicked out of several colleges before graduating from the University of Hartford in 1979. He married twice.

But there are moments in the book when the spotlight shifts away from his father and refocuses squarely on his mother. Bogart seems to say that it was not only his father's death that haunted him, but his mother's search for a new life.

On this issue he defends his mother. who wrote an introduction to the book. Widowed at 31, Bacall pulled the children out of school, sold the house and moved to England to do a film. The effect on him, Bogart said, was be-wildering. "She made some mis-takes," he said. "But I'll tell you, when my father died I was 8. Thankfully, I've never had to deal with the death of a spouse. I'd say it would take a few years to come back from that. She gave up her career for him and tried to get that back. I mean, who is she, even to this day. She still can't get Linkletter," he said, referring to the away from people saying, 'It's Bog-

For now, Bogart's life will be anything but private. But perhaps, now that he's confronted some of his demons, it will no longer be painful.

A few days before he started a tour to promote his book, Bogart was at home on a sunny Saturday, eager to meet his wife and children for a weekend retreat. About to bolt out the door, he halted. "Hey, want to see something really neat?" he asked, then bounded up the stairs.

A few moments later, his guest found himself face to face with the golden trophy, the unmistakable silhouette. It was his father's Oscar for bushed him. "They came at me like a gang of big kids, taking my picture best actor in "The African Queen."

POSTCARD

In Restored San Francisco Palace, Art With a View

By Michael Kimmelman New York Times Service

S AN FRANCISCO — It may well be one of the most beautiful museum buildings in America. It's surely the most beautifully situated, resting on a summit at Golden Gate Bridge, which you can see, if the Legion of Honor. it's a clear day, through a scrim of trees

\$36.5 million overhaul that made it quakesafe, or as close as possible to quake-safe in this city.

In January, the new San Francisco Muflocked to it, collectors have donated to it, and it has become a pride of the city.

Now comes the Legion, as it's known

below-ground galleries and other niceties like a restaurant and store. The original 1924 Beaux-Arts building, by the architect George Applegarth, was modeled after the Hôtel de Salm in Paris, which Napoléon Land's End in Lincoln Park, high above the had made the headquarters of the Order of

from the museum's colonnaded courtyard. mid in the courtyard, à la I.M. Pei's pyra- woman by an Italian painter named Gimiracle of savvy preservation.

see it in anything approaching the numbers that they do the new Museum of Modern seum of Modern Art opened downtown Art? San Francisco is a curious city, with and it has been a hit ever since. People have great universities, great music, and a legacy of great writers and artists. Yet it has uneven art collections.

WEATHER

here. Its renovation, overseen by the architect Edward Larrabee Barnes, has added ropean and contemporary prints and drawings, is now the center for European art in San Francisco.

The Legion has fine works by artists like Rubens, El Greco, Watteau, Corot and Manet. And they are interspersed with ones by lesser lights: a nice Valenciennes landscape, say, an Adolph Menzel, a John Martin Barnes has created a discreet glass pyra- and a snappy little oil sketch of a young

The Legion's galleries remain among Now the question is, will people come to the most handsome rooms in any American museum: exceptionally grand, beautifully proportioned spaces that wrap like a U around the central courtyard. Many of them have soaring skylights. To retrofit them seismically required sometimes concocting trompe l'oeil stone walls out of concrete and is to leave its base in Berlin. The Legion, which also has one of the and canvas. The results are remarkable.

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Latin America

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THE Russian-born writer Andrei Makine won the Prix Goncourt, France's top literary award, on Monday for his novel "Le Testament Français" (The French Testament). The novel, about a boy

sharing French and Russian cultures, won

the Prix Médicis last week. The Renaudot

prize went to Patrick Besson for his novel "Les Braban" (The Brabans).

"Land and Freedom," the British director Ken Loach's movie about an Englishman in the Spanish Civil War, has been honored as film of the year by the European The California Palace of the Legion of mid at the Louvre, to bring light into the acomo Favretto, to pick out a few exam-Honor has just reopened after a three-year, new galleries. But overall the museum is a ples.

Film Academy. The actress Rosana Pastor and producer Rebecca O'Brian accepted the award for Loach. The academy also named "La Haine" (Hatred) by the French director Mathieu Kassovitz as the best European film by a young director. The academy, founded in 1991 to promote European movies, faces an uncertain future after losing a major part of its public funding

> Mayor Norman Rice of Seattle won a televised "Funniest Mayor" contest by joking about his rain-soaked city, comparing it to a moisturizing pad. Rice's victory, determined by an applause meter, earned \$7,500 for Seattle's Health Care for the Homeless program. Second place brought \$1,500 for homeless assistance to Mayor Sharpe James of Newark, New Jersey, Mayor Kurt L. Schmoke of Baltimore came in third for \$1,000.

> The Ronald Reagan Presidential Library in Simi Valley, California, will display 40 watercolors by Prince Charles at an exhibition requested by Nancy Reagan, Proceeds from sale of prints will go to Prince's Charities Trust, which aids inner-city youth and environmental causes in Britain

> Paul Newman says a letter from a fan of his spaghetti sauce helped him keep things in perspective. The fan said his girlfriend claimed that Newman was an actor. "If your acting is as good as your spaghetti sauce, you must be great," the letter said, "Do you have any movies on VCR?" Newman said he framed and hung it.

Arsenio Hall and Jay Leno have been feuding for three years, ever since Hall said suit. When her mother, a volunteer at the things," Martin said in The New Yorker.



Rosana Pastor, left, and Rebecca O'Brian accepting award for Ken Loach.

he would "kick Jay's a-" in the TV rat- Tulsa Community Food Bank, suggested 'Tonight Show.' says it's time to end the feud. "Nothing would make me feel better than having him on the show," Leno says in TV Guide magazine. "All he has to do is pick up the phone." If he calls, it won't be Hall's first appearance on late-night television since his show went off the air in May 1994. That occurred last week, on CBS's 'Late Show'' with David Letterman.

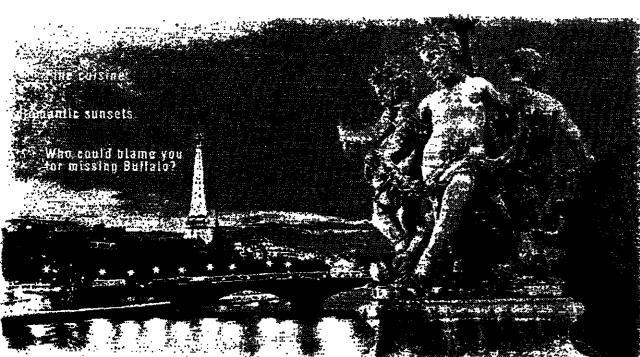
For one night, Tulsa, Oklahoma, was transformed into a fashion hub as 11 supermodels, including Linda Evangelista and Naomi Campbell, twirled in fashions by Gianni Versace to raise money for a local charity. The crowd cheered and whistled from the start as Amber Valletta, a Tulsa native responsible for bringing in the show, burst onto the runway in a lavender happy and funny and miserable — all those

ings. Now Leno, the host of NBC's the show as a way to raise money to feed the hungry, Valletta began recruiting friends. About \$100,000 was raised.

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Stephen King is reviving the serialized story with a thriller, "The Green Mile," in a series of 96-page paperbacks to be published by Signet beginning in March. King will receive \$1 million for each installment. The New York Times reported. He said the idea was inspired by the stories he read as a boy in The Saturday Evening Post.

George Martin, who auditioned the Beatles and produced their most successful albums, says coming back 25 years later to assemble "The Beatles Anthology" was a "traumatic" experience. "It was sad and



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